

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

OMB APPROVAL
OMB Number 3235-0123
Expires April 30, 2013
Estimated average burden
Hours per response 12.00
SEC FILE NUMBER
8 - 41371



11022103

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

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 APRIL 1, 2010 AND ENDING MARCH 31, 2011

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

KERN, SUSLOW SECURITIES, INC.

FIRM ID. NO.

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

50 BROAD STREET - SUITE 1600

NEW YORK,

NEW YORK

10004

(City)

(State)

(Zip Code)

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

CHRISTOPHER G. HAMILTON, CFA

(212) 943 - 8891

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LERNER & SIPKIN, CPAs, LLP

132 Nassau Street, Suite 1023

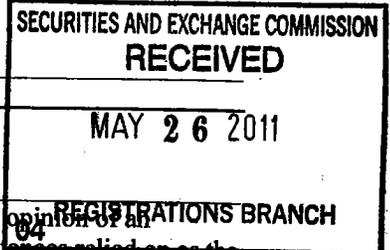
New York

NY

10038

Certified Public Accountant

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).

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.

SEC 1410 (06-02)

*Handwritten initials: * RB 6/8*

OATH OR AFFIRMATION

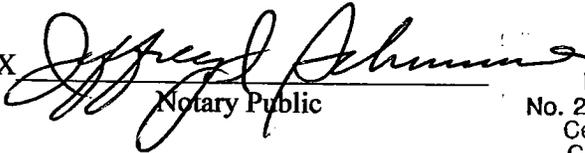
I, CHRISTOPHER HAMILTON, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of KERN, SUSLOW SECURITIES, INC., as of MARCH 31, 2011, are true and correct.

I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

X 
Signature Christopher Hamilton

Title

X 
Notary Public
JEFFREY I. SCHWIMMET
Notary Public, State of New York
No. 24-4941972 Qualified in Kings County
Certificate Filed in New York County
Commission Expires Sept 6 2014

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

- (x) (a) Facing page.
- (x) (b) Statement of Financial Condition.
- (x) (c) Statement of Operations.
- (x) (d) Statement of Cash Flows.
- (x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (x) (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.
- (x) (l) An Oath or Affirmation.
- (x) (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.
- (x) (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).

KERN, SUSLOW SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2011

ASSETS

Cash and cash equivalents	\$ 294,982
Due from clearing broker	481,374
Securities owned, at market value (Note 3)	177,913
Property and equipment - net of accumulated depreciation of \$44,362 (Note 4)	33,796
Other assets	22,548
Total assets	<u>\$1,010,613</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

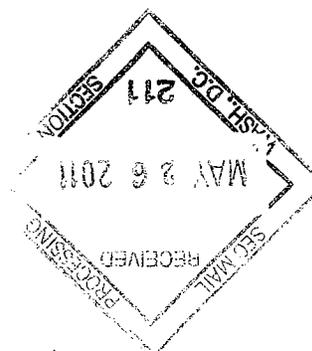
Liabilities:

Accounts payable and accrued expenses	\$ 493,878
Total liabilities	<u>493,878</u>

Commitments and Contingencies (Notes 5 & 6)

Stockholders' equity (Note 7)

Common stock, \$1.00 par value, 200 shares issued and outstanding.	200
Capital in excess of par value	482,978
Retained earnings	33,557
Total stockholders' equity	<u>516,735</u>
Total liabilities and stockholders' equity	<u>\$1,010,613</u>



The accompanying notes are an integral part of these statements.

KERN, SUSLOW SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 1 - Nature of Business

Kern, Suslow Securities, Inc., (The "Company") is a broker/dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA").

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

Note 2 - Summary of Significant Accounting Policies

a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related expense are recorded on a trade date basis.

b) Income Taxes

The Company accounts for income taxes under SFAS No. 109, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets if it is more likely than not that such assets will not be realized.

c) Cash and Cash Equivalents

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

d) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

KERN, SUSLOW SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

e) Depreciation and Amortization

Furniture, equipment and software is carried at cost and is depreciated over a useful life of 5-7 years using the straight line method. Leasehold improvements are amortized over the life of the lease using the straight line method.

Note 3- Securities Owned – At Market Value

Securities owned, at quoted market values, are summarized as follows:

	<u>Owned</u>
Common stock	\$ 37,267
Capital assets fund	<u>140,646</u>
	<u>\$177,913</u>

Note 4- Property and Equipment

Major classifications of property and equipment, as of March 31, 2011 are summarized as follows:

Furniture and equipment	\$ 71,158
Software	<u>7,000</u>
	78,158
Less: Accumulated depreciation	<u>(44,362)</u>
	<u>\$ 33,796</u>

Note 5- Commitments and Contingencies

Office Space

The Company rents office space on a month to month basis from a company owned by its officers. The Company also rents storage space. Rental expense for the year ending March 31, 2011, was \$91,469.

KERN, SUSLOW SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 6 - Financial Instruments with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customer's ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers.

The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

Note 7 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) 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 1500%. At March 31, 2011, the Company had net capital of \$446,429, which was \$346,429 in excess of its required net capital of \$100,000. The Company's net capital ratio was 110.63%.

A copy of the Firm's statement of Financial Condition as of March 31, 2011, pursuant to SEC Rule 17a-5, is available for examination at the Firm's office, the regional office of the SEC and the office of the Financial Industry Regulatory Authority



LERNER & SIPKIN
CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074

Jay Lerner, C.P.A.
jlerner@lernerpsipkin.com

Joseph G. Sipkin, C.P.A.
jsipkin@lernerpsipkin.com

INDEPENDENT AUDITORS' REPORT

To the Officers and Directors of
Kern, Suslow Securities, Inc.
50 Broad Street
New York, NY 10004

We have audited the accompanying statement of financial condition of Kern, Suslow Securities, Inc. of March 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Kern, Suslow Securities, Inc. as of March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Lerner & Sipkin CPAs LLP
Lerner & Sipkin, CPAs, LLP
Certified Public Accountants (NY)

New York, NY
May 19, 2011

KERN, SUSLOW SECURITIES, INC.

**Schedule of the Determination of SIPC Net Operating Revenues and
General Assessment**

For the Period April 1, 2010 through March 31, 2011



LERNER & SIPKIN
CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074
To the Officers and Directors of Kern, Suslow Securities, Inc. E-mail: LS@lernerstipkin.com
50 Broad Street
New York, NY 10004

Gentlemen:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments to the Securities Investor Protection Corporation ("SIPC") for the year ended March 31, 2011, which were agreed to by Kern, Suslow Securities, Inc. ("Company") and the Securities and Exchange Commission ("SEC"), Financial Industry Regulatory Authority, Inc. ("FINRA") and SIPC., solely to assist you in evaluating the Company's compliance with rule 17a-5(e)(4). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed are as follows:

- 1- Compared the listed assessment payments with respective cash disbursement records entries, noting no exceptions;
- 2- Compared the amounts reported on the audited Form X-17A-5 for the year ended March 31, 2011, with the amounts reported in the General Assessment Reconciliation (Form SIPC-7) for the year ended March 31, 2011, noting no exceptions;
- 3- Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no exceptions;
- 4- Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no exceptions; and
- 5- Compared the amount of any overpayment applied with the Form SIPC-7 on which it was computed, noting no exceptions.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Lerner & Sipkin, CPAs, LLP (NY)
May 19, 2011

KERN, SUSLOW SECURITIES, INC.
Schedule of the Determination of SIPC Net Operating Revenues and General Assessment
Period April 1, 2010 through March 31, 2011

Determination of SIPC Net Operating Revenues:

Total Revenues (FOCUS line 12/ Part IIA line 9)	\$ 2,951,899
Additions	115,262
Deductions	<u>(326,525)</u>
SIPC Net Operating Revenues	<u>\$ 2,740,636</u>

Determination of General Assessment:

SIPC Net Operating Revenues:	<u>\$ 2,740,636</u>
General Assessment @ .0025	<u>6,852</u>

Assessment Remittance:

Greater of General Assessment or \$150 Minimum	\$ 6,852
Less: Payment made with Form SIPC-6 in October, 2010	<u>(3,360)</u>
Assessment Balance Due	<u>\$ 3,492</u>

**Reconciliation with the Company's Computation of SIPC Net Operating Revenues for the Period
April 1, 2010 through March 31, 2011:**

SIPC Net Operating Revenues as computed by the Company on Form SIPC-7	\$ 2,740,636
SIPC Net Operating Revenues as computed above	<u>2,740,636</u>
Difference	<u>\$ -</u>