SIEBERT FINANCIAL CORP
Form 10-Q
November 14, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2007**

o Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from ____________________ to ____________________

Commission file number **0-5703**

Siebert Financial Corp.

(Exact Name of Issuer as Specified in its Charter)

New York	**11-1796714**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

885 Third Avenue, New York, NY 10022

(Address of Principal Executive Offices)

(212) 644-2400

(Issuer s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant is a large accelerated, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

(Check one) Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date: As of November 1, 2007, there were 22,206,546 shares of Common Stock, par value $.01 per share, outstanding.

Unless the context otherwise requires, the Company shall mean Siebert Financial Corp. and its wholly owned subsidiaries and Siebert shall mean Muriel Siebert & Co., Inc., a wholly owned subsidiary of the Company.

Certain statements contained in the Management s Discussion and Analysis of Financial Condition and Results of Operations below and elsewhere in this document, as well as oral statements that may be made by us or by our officers, directors or employees acting on our behalf, that are not statements of historical or current fact constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and known and unknown factors that could cause our actual results to be materially different from our historical results or from any future results expressed or implied by such forward looking statements, including, without limitation: changes in general economic and market conditions; fluctuations in volume and prices of securities; demand for brokerage and investment banking services; competition within and without the discount brokerage business, including the offer of broader services; competition from electronic discount brokerage firms offering lower rates on commissions than we do prevalence of a flat fee environment; decline in participation in equity or municipal finance underwritings; limited trading opportunities; the method of placing trades by our customers; computer and telephone system failures; our level of spending on advertising and promotions; trading errors and the possibility of losses from customer non-payment of amounts due; other increases in expenses and changes in net capital or other regulatory requirements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date when such statements were made or to reflect the occurrence of unanticipated events. An investment in us involves various risks, including those mentioned above and those which are detailed from time to time in our Securities and Exchange Commission filings.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Siebert Financial Corp. & Subsidiaries
Consolidated Statements of Financial Condition

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Cash and cash equivalents	$ 33,993,000	$ 32,606,000
Cash equivalents restricted	1,300,000	1,300,000
Receivable from clearing brokers	2,078,000	2,468,000
Securities owned, at market value	248,000	
Furniture, equipment and leasehold improvements, net	869,000	510,000
Investments in and advances to equity investees	5,380,000	6,765,000
Prepaid expenses and other assets	2,154,000	1,211,000
Intangibles, net	949,000	1,182,000
Deferred taxes	805,000	827,000
	$ 47,776,000	$ 46,869,000
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	6,740,000	6,460,000
Contingencies		
Stockholders equity:		
Common stock, $.01 par value; 49,000,000 shares authorized, 23,206,046 shares issued and 22,206,546 shares outstanding at September 30, 2007 and 23,202,046 shares issued and 22,202, 546 shares outstanding at December 31, 2006	232,000	232,000
Additional paid-in capital	18,800,000	18,719,000
Retained earnings	26,508,000	25,962,000
Less: 999,500 shares of treasury stock, at cost at September 30, 2007 and December 31, 2006	(4,504,000)	(4,504,000)
	41,036,000	40,409,000
	$ 47,776,000	$ 46,869,000

See notes to consolidated financial statements.

Siebert Financial Corp. & Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Revenues:				
Commissions and fees	$ 6,096,000	$ 5,326,000	$ 19,264,000	$ 18,226,000
Investment banking	713,000	231,000	2,665,000	791,000
Trading profits	190,000	259,000	395,000	612,000
Interest and dividends	451,000	444,000	1,337,000	1,233,000
	7,450,000	6,260,000	23,661,000	20,862,000
Expenses:				
Employee compensation and benefits	2,582,000	2,577,000	8,537,000	7,825,000
Clearing fees, including floor brokerage	1,241,000	1,128,000	4,208,000	3,958,000
Professional fees	2,240,000	799,000	4,548,000	2,570,000
Advertising and promotion	120,000	206,000	638,000	880,000
Communications	753,000	466,000	1,538,000	1,329,000
Occupancy	317,000	296,000	959,000	862,000
Other general and administrative	690,000	713,000	2,149,000	2,183,000
	7,943,000	6,185,000	22,577,000	19,607,000
(Loss) income from equity investees	(395,000)	1,472,000	961,000	3,556,000
(Loss) income before income taxes	(888,000)	1,547,000	2,045,000	4,811,000
(Benefit) provision for income taxes	(293,000)	650,000	939,000	2,021,000
Net (loss) income	$ (595,000)	$ 897,000	$ 1,106,000	$ 2,790,000
Net (loss) income per share of common stock -				
Basic and Diluted	$ (.03)	$ .04	$ .05	$ .13
Weighted average shares outstanding -				
Basic	22,206,546	22,116,680	22,205,491	22,120,669
Diluted	22,206,546	22,133,267	22,281,407	22,139,055

See notes to consolidated financial statements.

Siebert Financial Corp. & Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2007	**2006**
Cash flows from operating activities:		
Net income	$ 1,106,000	$ 2,790,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	498,000	582,000
Income from equity investees	(961,000)	(3,556,000)
Deferred taxes	22,000	88,000
Distribution from equity investees	2,419,000	1,418,000
Employee stock based compensation	70,000	118,000
Changes in:		
Receivable from clearing brokers	390,000	1,103,000
Prepaid expenses and other assets	(943,000)	50,000
Securities owned, at market value	(248,000)	
Accounts payable and accrued liabilities	280,000	(820,000)
Net cash provided by operating activities	2,633,000	1,773,000
Cash flows from investing activities:		
Purchase of furniture, equipment and leasehold improvements	(624,000)	(110,000)
Payment of net advances made to equity investees	(73,000)	(114,000)
Net cash used in investing activities	(697,000)	(224,000)
Cash flows from financing activities:		
Dividend on common stock	(560,000)	(359,000)
Proceeds from exercise of options	11,000	
Repurchase of common stock		(46,000)
Net cash used in financing activities	(549,000)	(405,000)
Net increase in cash and cash equivalents	1,387,000	1,144,000
Cash and cash equivalents - beginning of period	32,606,000	30,980,000
Cash and cash equivalents - end of period	$ 33,993,000	$ 32,124,000
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	$ 2,058,000	$ 2,312,000

See notes to consolidated financial statements.

Siebert Financial Corp. & Subsidiaries
Notes to Consolidated Financial Statements
Nine Months Ended September 30, 2007 and 2006
(Unaudited)

1. Organization and Basis of Presentation:

The consolidated financial statements include the accounts of Siebert Financial Corp. (the Company) and its wholly owned subsidiaries Muriel Siebert & Co., Inc. (Siebert) and Siebert Women s Financial Network, Inc. (WFN). All material intercompany balances and transactions have been eliminated. Investment in two entities in which the Company has ownership interest of 49% and 33.33% are accounted for by the equity method. The statements are unaudited; however, in the opinion of management, all adjustments considered necessary to reflect fairly the Company s financial position and results of operations, consisting of normal recurring adjustments, have been included.

The accompanying consolidated financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America. Accordingly, the statements should be read in conjunction with the audited financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006. Because of the nature of the Company s business, the results of any interim period are not necessarily indicative of results for a full year.

2. Earnings (Loss) Per Share:

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average outstanding shares during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the number of shares outstanding under the basic calculation and adding all dilutive securities, which consist of options. The treasury stock method is used to reflect the dilutive effect of outstanding options, which, for the three months ended September 30, 2006 amounted to 16,587 additional shares, added to the basic weighted average outstanding shares of 22,116,680, and for the nine months ended September 30, 2007 and 2006 amounted to 75,916 and 18,386 additional shares, respectively, added to the basic weighted average outstanding shares of 22,205,491 and 22,120,669 respectively. The Company recognized a net loss for the three months ended September 30, 2007. Accordingly, basic and diluted earnings per common share are the same as the effect of dilutive securities would be anti-dilutive to loss per share. Potentially diluted securities consisting of outstanding options not included in the computation of diluted income per share as the effect would have been anti-dilutive for the three months ended September 30, 2007 and 2006 amounted to 1,473,000 and 1,629,800, respectively and for the nine months ended September 30, 2007 and 2006 amounted to 1,162,500 and 1,629,800, respectively.

3. Stock-Based Compensation:

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R Share-Based Payment (SFAS 123R), which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations as an operating expense, based on their fair values on grant date. Prior to the adoption of SFAS 123R the Company accounted for stock based compensation using the intrinsic value method. The Company adopted the provisions of SFAS No. 123R effective January 1, 2006, using the modified prospective transition method. Under the modified prospective method, non-cash compensation expense is recognized for the portion of outstanding stock option awards granted prior to the adoption of SFAS 123R for which service has not been rendered, and for any future stock option grants. Accordingly, periods prior to adoption have not been restated. The Company recognizes share-based compensation costs on a straight-line basis over the requisite service periods of awards, which would normally be the vesting period.

The following tables summarize information related to options outstanding at September 30, 2007 and 2006 and for the nine months periods then ended:

	2007		2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of the period	1,603,966	$ 4.28	1,767,610	$ 4.16
Granted			25,000	$ 2.75
Forfeited	(126,966)	$ 4.36	(27,000)	$ 4.03

Exercised	(c)	(4,000)	$	2.72			
Outstanding - end of period	(a)	1,473,000	$	4.28	1,765,610	$	4.14
Fully vested and expected to vest at end of period	(b)	1,410,500	$	4.31	1,765,610	$	4.14
Exercisable at end of period	(b)	1,410,500	$	4.31	1,663,610	$	4.19

(a) Weighted average remaining contractual terms of 4.2 years and aggregate intrinsic value of $264,000.

(b) Weighted average remaining contractual terms of 4.1 years and aggregate intrinsic value of $230,000.

(c) Aggregate intrinsic value at date of exercise was $4,000.

As of September 30, 2007, there were $95,000 of unrecognized compensation costs related to unvested options which are expected to be recognized over a weighted-average period of 4 years.

4. Net Capital:

Siebert is subject to the Securities and Exchange Commission s Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Siebert has elected to use the alternative method, permitted by the rule, which requires that Siebert maintain minimum net capital, as defined, equal to the greater of $250,000 or two percent of aggregate debit balances arising from customer transactions, as defined. (The net capital rule of the New York Stock Exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than five percent of aggregate debits.) As of September 30, 2007, Siebert had net capital of approximately $28,638,000 as compared with net capital requirements of $250,000.

5. Intuit Lawsuit:

Siebert filed a lawsuit against Intuit Inc. (Intuit) in New York State Supreme Court on September 17, 2003. The complaint sought approximately $11 million for alleged joint expenses and compensatory damages and $33.3 million in punitive damages for claims relating to the Joint Brokerage Service conducted during the years ended December 31, 2003 and 2002 under the Strategic Alliance Agreement between Siebert and Intuit. Intuit counterclaimed against Siebert, seeking approximately $8 million for alleged joint expenses and compensatory damages. On September 6, 2005, the Court dismissed certain of Siebert s causes of action and its request for punitive damages. On October 26, 2007, the parties entered into a Stipulation and Order of Dismissal With Prejudice, dismissing all claims and counterclaims, and withdrawing all related motions pending before the Court, without any payments by or to either party; the parties also exchanged general releases. The Company has liabilities of approximately $2,000,000 recorded from prior to December 31, 2003 when Siebert conducted the Joint Brokerage service with Intuit. As a result of the settlement those liabilities will be reversed in the fourth quarter of 2007.

6. Siebert Brandford Shank & Co., LLC:

Summarized financial data (presented in thousands) of Siebert Brandford Shank & Co., LLC, (SBS) as of and for the three and nine months ended September 30, 2007 and 2006 is set forth below. Siebert holds a 49% ownership interest in SBS which serves as an underwriters for Municipal bond offerings. Income from SBS is considered to be integral to Siebert s operations and material to the results of operations.

	2007	2006
Total assets including secured demand note of $1,200,000 in each period due from Siebert	$ 23,908,000	$ 30,598,000
Total liabilities including subordinated liabilities of $1,200,000 in each period due to Siebert	14,851,000	20,915,000
Total members capital	9,057,000	9,683,000
Total revenues - 9 months	17,895,000	19,635,000
Net income - 9 months	1,977,000	4,864,000
Total revenues - 3 months	3,807,000	7,864,000
Net (loss) income - 3 months	(886,000)	3,774,000

Siebert charged SBS $180,000 for general and administrative services for the nine month period ended September 30, 2007 and 2006, which Siebert believes approximates the cost of furnishing such services.

Siebert s share of SBS s undistributed earnings amounted to $4,046,000 and $4,353,000 at September 30, 2007 and 2006, respectively. Such amounts may not be immediately available for distribution to Siebert for various reasons including the amount of SBS s available cash, the provisions of the agreement between Siebert and the principals and SBS s continued compliance with its regulatory and net capital requirements.

7. SBS Financial Products Company, LLC:

The Company entered into an Operating Agreement, effective as of April 19, 2005 (the Operating Agreement), with the two individual principals of SBS (the Principals) for the formation of SBS Financial Products Company, LLC, a Delaware limited liability company (SBSFPC). Pursuant to the terms of the Operating Agreement, the Company and each of the Principals made an initial capital contribution of $400,000 in exchange for a 33.33% initial interest in SBSFPC. SBSFPC engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that profit will be shared 66.66% by the Principals and 33.33% by the Company.

The Company s share of SBSFPC s undistributed earnings amounted to $400,000 and $1,316,000 at September 30, 2007 and 2006, respectively.

Summarized financial data of SBSFPC as of and for the three and nine months September 30, 2007 and 2006 is set forth below. Income from SBSFPC is considered to be integral to the Company s operations and material to the results of operations.

	2007	**2006**
Total assets	$ 37,270,000	$ 44,793,000
Total liabilities	34,870,000	39,646,000
Total members capital	2,400,000	5,147,000
Total revenues - 9 months	441,000	5,505,000
Net (loss) income - 9 months	(24,000)	3,521,000
Total revenues - 3 months	224,000	734,000
Net income - 3 months	116,000	616,000

8. Commitments and Contingent Liabilities:

Siebert terminated the fully disclosed clearing agreement (the Clearing Agreement) with Pershing LLC (formerly the Pershing division of Donaldson, Lufkin & Jenrette Securities Corporation) (Pershing) in 2003. Based on consultation with counsel, Siebert believes that the $1,500,000 that it advanced to Pershing in January 2003 should have been returned and that Pershing may be liable for damages. Pershing expressed its belief that it was entitled to retain the advance and receive a minimum of $3 million for its unreimbursed costs, a termination fee of $500,000 and $5 million for lost revenues. Siebert received a release for the $3 million related to disputed claims for unreimbursed fees and costs. In 2004, Siebert decided not to commence proceedings against Pershing and charged off the $1,500,000 advance to Pershing. Siebert believes the Pershing claims are without merit and that the ultimate outcome of this matter will not have a material adverse effect on the Company s results of operations or financial position.

The Company is involved in various routine lawsuits of a nature deemed by the Company customary and incidental to its business. In the opinion of management, the ultimate disposition of such actions will not have a material adverse effect on its financial position or results of operations.

9. Dividend:

On June 4, 2007, the Board of Directors declared a dividend of twelve cents per share on common stock of the Company, which was paid on June 29, 2007 to shareholders of record at the close of business on June 20, 2007.

The Chief Executive Officer of the Company waived the right to receive the dividend in excess of the aggregate amount paid to other shareholders.

10. New Accounting Pronouncements:

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainties in income taxes recognized in a company s financial statements in accordance with Statement 109 and prescribes a recognition threshold and measurement attributes for tax positions taken or expected to be taken on a tax return. Additionally, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We adopted the provisions of FIN 48 as of

January 1, 2007. The adoption of FIN 48 did not impact our financial position, results of operations or cash flows for the nine months ended September 30, 2007. The Company is not subject to any tax examination for any federal or major state tax jurisdiction for the years prior to 2003.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157 (SFAS 157), Fair Value Measurements . SFAS 157 defines fair value and establishes a framework for measuring fair value. It also expands the disclosures about the use of fair value to measure assets and liabilities. SFAS 157 is effective beginning the first fiscal year that begins after November 15, 2007. Management is currently evaluating the impact, if any, of the adoption of SFAS 157 on the Company s financial statements.

11. Presentation:

Certain amounts in the 2006 financial statements have been reclassified for comparative purposes.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2006, and the unaudited consolidated financial statements and the notes thereto contained elsewhere in this Quarterly Report.

Business Environment

The uncertainty over the state of the economy due to the high price of oil and the increase of defaults relating to subprime mortgages weighed on the markets in the third quarter of 2007 and continues to affect interest in buying stocks. Competition in the brokerage industry remains intense although many of Siebert s competitors have been consolidated or have gone out of business.

Like other securities firms, we are directly affected by general economic and market conditions including fluctuations in volume and prices of securities, changes and prospects for changes in interest rates and demand for brokerage and investment banking services, all of which can affect our relative profitability. In periods of reduced market activity, profitability is likely to be adversely affected because certain expenses, including salaries and related costs, portions of communications costs and occupancy expenses remain relatively fixed. Earnings, or loss, for any period should not be considered representative of any other period.

Critical Accounting Policies

We generally follow accounting policies standard in the brokerage industry and believe that our policies appropriately reflect our financial position and results of operations. Our management makes significant estimates that effect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contigent assets and liabilities included in the financial statements. The estimates relate primarily to revenue and expense items in the normal course of business as to which we receive no confirmations, invoices, or other documentation at the time the books are closed for a period. We use our best judgment, based on our knowledge of these revenue transactions and expenses incurred, to estimate the amounts of such revenue and expense. We are not aware of any material differences between the estimates used in closing our books for the last five years and the actual amounts of revenue and expenses incurred when we subsequently receive the actual confirmations, invoices or other documentation. Estimates are also used in determining the useful lives of intangible assets, and the fair market value of intangible assets and securities. Our management believes that its estimates are reasonable.

Results of Operations

We believe that our business reflects the current difficult business environment for discount and online and institutional brokers. We had net loss of $595,000 for the three months ended September 30, 2007 and net income of $1,106,000 for the nine months ended September 30, 2007, respectively.

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

Total revenues for the three months ended September 30, 2007 were $7.5 million, an increase of $1.2 million or 19.0% from the same period in 2006.

Commission and fee income for the three months ended September 30, 2007 was $6.1 million, an increase of $770,000 or 14.5% from the same period in 2006 due to an increase in institutional trading, the commission recapture operation and commissions generated by retail customers trading volumes as well as an increase in the average commission charged per trade.

Investment banking revenues for the three months ended September 30, 2007 were $713,000, an increase of $482,000 or 208.7% due to our participation in more new issues in the equity and debt capital markets.

Trading profits were $190,000 for the three months ended September 30, 2007, a decrease of $69,000 or 26.6% over the same period in 2006 due to an overall decrease in trading volume.

Interest and dividends for the three months ended September 30, 2007 were $451,000, an increase of $7,000 or 1.6% from the same period in 2006 primarily due to higher cash balances.

Total expenses for the three months ended September 30, 2007 were $7.9 million, an increase of $1.8 million or 28.4% from the same period in 2006.

Employee compensation and benefit costs for the three months ended September 30, 2007 were $2.6 million, an increase of $5,000 or .2% from the same period in 2006. This increase was due to an increase in commissions paid based on production offset by a decrease in bonus accrual, heath insurance and employment of temporary employees.

Clearing and floor brokerage costs for the three months ended September 30, 2007 were $1.2 million, an increase of $113,000 or 10.0% from the same period in 2006 primarily due to an increase in listed floor executions for institutional customers executed at the New York Stock Exchange, increased volume relating to the commission recapture operations and increased volume of trade executions for retail customers.

Professional fees for the three months ended September 30, 2007, was $2.2 million, an increase of $1.4 million or 180.4% from the same period in 2006 due to an increase in consulting fees relating to the commission recapture business and Sarbanes-Oxley and legal fees relating to the Intuit case and other compliance issues.

Advertising and promotion expenses for the three months ended September 30, 2007 were $120,000, a decrease of $86,000 or 41.7% from the same period in 2006 primarily due to the reduction in print advertising in the third quarter of 2007.

Communications expense for the three months ended September 30, 2007, was $753,000, an increase of $287,000 or 61.6% from the same period in 2006 primarily due to an increase in costs associated with our new website.

Occupancy costs for the three months ended September 30, 2007 were $317,000, an increase of $21,000 or 7.1% from the same period in 2006 due to an increase in rent in the Florida branches and California and New Jersey offices.

Other general and administrative expenses for the three months ended September 30, 2007 were $690,000, a decrease of $23,000 or 3.2% from the same period in 2006 due to the decrease in depreciation and amortization expenses, postage, subscriptions, travel and entertainment, registration and exchange fees offset by increases in printing, insurance and transportation costs.

Loss from Siebert s equity investment in Siebert Brandford Shank & Co., LLC, an entity in which Siebert holds a 49% equity interest (SBS), for the three months ended September 30, 2007, was $434,000 compared to income of $1.3 million from the same period in 2006 primarily due to SBS participating in less municipal bond offerings. SBS serves as an underwriter for municipal bond offerings. Income from our equity investment in SBS Financial Products Company, LLC, an entity in which we hold a 33.33% equity interest (SBSFPC) for the three months ended September 30, 2007, was $39,000 compared to income from our equity investment in SBSFPC of $205,000, a decrease of $166,000 from the same period in 2006. This decrease was due to a decrease in the number and size of the transactions SBSFPC entered into in the third quarter of 2007. Loss and income from equity investees is considered to be integral to our operations and material to the results of operations.

The tax benefit for the three months ended September 30, 2007 was $293,000 and a tax provision for the three months ended September 30, 2006 was $650,000, respectively, due to our loss before benefit of $888,000 for the three months ended September 30, 2007 and income before income taxes of $1,547,000, respectively. Such provisions represented effective tax rates of 32% and 42%, respectively. The effective rate changed due to an increase of the expected effective rate from 42% to 46% in the three months ended September 30, 2007 due to permanent differences.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Total revenues for the nine months ended September 30, 2007 were $23.7 million, an increase of $2.8 million or 13.4% from the same period in 2006.

Commission and fee income for the nine months ended September 30, 2007 was $19.3 million, an increase of $1.0 million or 5.7% from the same period in 2006 due to an increase in institutional trading and the commission recapture operation offset by commissions generated by a decrease in retail customers trading volumes as well as a decrease in the average commission charged per trade.

Investment banking revenues for the nine months ended September 30, 2007 were $2.7 million, an increase of $1.9 million or 236.9% from the same period in 2006 due to our participation in more new issues in the equity and debt capital markets.

Trading profits were $395,000 for the nine months ended September 30, 2007, a decrease of $217,000 or 35.5% over the same period in 2006 due to an overall decrease in trading volume.

Interest and dividends for the nine months ended September 30, 2007 were $1.3 million, an increase of $104,000 or 8.4% from the same period in 2006 primarily due to higher interest rates and higher cash balances.

Total expenses for the nine months ended September 30, 2007 were $22.5 million, an increase of $3.0 million or 15.2% from the same period in 2006.

Employee compensation and benefit costs for the nine months ended September 30, 2007 were $8.5 million, an increase of $712,000 or 9.1% from the same period in 2006. This increase was due to an increase in commissions paid based on production and bonus accrual offset by a decrease in employment of temporary employees and health insurance.

Clearing and floor brokerage costs for the nine months ended September 30, 2007 were $4.2 million, an increase of $250,000 or 6.3% from the same period in 2006 primarily due to an increase in listed floor executions for institutional customers executed at the New York Stock Exchange and an increase in volume relating to the commission recapture operations offset by a decreased volume of trade executions for retail customers.

Professional fees for the nine months ended September 30, 2007, was $4.6 million, an increase of $2.0 million or 77.0% from the same period in 2006 due to an increase in consulting fees relating to the commission recapture business and Sarbanes-Oxley and legal fees relating to the Intuit case and other compliance issues.

Advertising and promotion expenses for the nine months ended September 30, 2007 were $638,000, a decrease of $242,000 or 27.5% from the same period in 2006 primarily due to the reduction in print advertising production in 2007 and the airing of television commercials in the Florida region in 2006.

Communications expense for the nine months ended September 30, 2007, was $1.5 million, an increase of $209,000 or 15.7% from the same period in 2006 primarily due to an increase in costs associated with our new website.

Occupancy costs for the nine months ended September 30, 2007 were $959,000, an increase of $97,000 or 11.3% from the same period in 2006 due to an increase in rent in the Florida branches and New Jersey and California offices.

Other general and administrative expenses for the nine months ended September 30, 2007 were $2.2 million, a decrease of $34,000 or 1.6% from the same period in 2006. This decrease was a result of decreases in depreciation and amortization, placement fees, supplies, postage, registration and exchange fees offset by increases in printing, subscriptions, dues and transportation costs.

Income from the Siebert s equity investment in Siebert Brandford Shank & Co., LLC, an entity in which Siebert holds a 49% equity interest (SBS) for the nine months ended September 30, 2007, was $968,000, compared to income of $2.4 million, a decrease of $1.4 million or 60.0% from the same period in 2006. This decrease was due to SBS participating in less municipal bond offerings. SBS serves as an underwriter for municipal bond offerings. Loss from our equity investment in SBS Financial Products Company, LLC an entity in which we hold a 33% equity interest (SBSFPC) for the nine months ended September 30, 2007, was $7,000 as compared to income from our equity investment in SBSFPC of $1.2 million from the same period in 2006. This decrease was due to a decrease in the number of transactions SBSFPC entered into in 2007. Income and loss from equity investees is considered to be integral to our operations and material to the results of operations.

The tax provisions for the nine months ended September 30, 2007 and 2006 was $939,000 and $2.0 million, respectively, based on our income before income tax of $2.1 million and $4.8 million, respectively. Such provisions represented effective tax rates of 46% and 42%, respectively.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash, money market funds and commercial paper. Our total assets at September 30, 2007 were $48 million. As of that date, $36.1 million, or 76%, of total assets were regarded by us as highly liquid.

On June 4, 2007, our Board of Directors declared a dividend of twelve cents per share on common stock, which was paid on June 29, 2007 to shareholders of record at the close of business on June 20, 2007. Our Chief Executive Officer waived the right to receive the dividend in excess of the aggregate amount paid to other shareholders.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At September 30, 2007, Siebert s regulatory net capital was $28.6 million, $28.4 million in excess of its minimum capital requirement of $250,000.

Siebert has entered into a Secured Demand Note Collateral Agreement with SBS under which it is obligated to lend to SBS up to $1.2 million pursuant to a secured promissory note on a subordinated basis. Amounts pledged by Siebert under the facility are reflected on our balance sheet as cash equivalents restricted . SBS pays Siebert interest on this amount at the rate of 8% per annum. The facility expires on August 31, 2008, at which time SBS is obligated to repay to Siebert any amounts borrowed by SBS thereunder.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Working capital is generally temporarily invested in dollar denominated money market funds and commercial paper. These investments are not subject to material changes in value due to interest rate movements. We also invest in certain short-term municipal bonds, the values of which may fluctuate during the period they are held by us.

In the normal course of its business, Siebert enters into transactions in various financial instruments with off-balance sheet risk. This risk includes both market and credit risk, which may be in excess of the amounts recognized in our financial statements. Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customers obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counter parties are unable to fulfill their contractual obligations.

Item 4T. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Exchange Act Rule 13a-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various routine lawsuits of a nature deem to be customary and incidental to our business. In the opinion of management, the ultimate disposition of such actions will not have a material adverse effect on its financial position or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial position and results of operations. There are no material changes from the risk factors set forth in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

On May 15, 2000, our Board of Directors authorized a buy back of up to one million shares of our common stock. As of September 30, 2007, we had essentially completed the repurchase. A summary of our repurchase activity for the three months ended September 30, 2007 is as follows:

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares That May Yet Be Purchased Under The Plan
July 2007	0		999,500	500
August 2007	0		999,500	500
September 2007	0		999,500	500
Total	0		999,500	500

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

(a)

31.1	Certification of Muriel F. Siebert pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Joseph M. Ramos, Jr. pursuant to Exchange Act Rule 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Muriel F. Siebert of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Joseph M. Ramos, Jr. of Periodic Financial Report under Section 906 of the Sarbanes- Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIEBERT FINANCIAL CORP.

By: /s/ Muriel F. Siebert

Muriel F. Siebert
Chairwoman and President
(principal executive officer)

Dated: November 14, 2007

By: /s/ Joseph M. Ramos, Jr.

Joseph M. Ramos, Jr.
Executive Vice President and Chief Financial Officer
(principal financial and accounting officer)

Dated: November 14, 2007