SIEBERT FINANCIAL CORP
Form 10-Q
November 16, 2009

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, 2009**

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 Registrant 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months

(or for such shorter period that registrant was required to submit and post such files.)

Yes o No o

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

Large Accelerated Filer o	Accelerated Filer o
Non-Accelerated Filer o	Smaller Reporting Company 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 October 20, 2009, there were 22,193,288 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, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 27,071,000	$ 29,617,000
Cash equivalents restricted	1,300,000	1,300,000
Receivable from clearing brokers	1,369,000	1,682,000
Securities owned, at fair value	725,000	758,000
Furniture, equipment and leasehold improvements, net	1,415,000	1,481,000
Investments in and advances to equity investees	7,849,000	6,480,000
Income tax refund receivable	1,771,000	1,312,000
Prepaid expenses and other assets	803,000	1,026,000
Intangibles, net	750,000	775,000
Deferred taxes	1,171,000	1,148,000
	$ 44,224,000	$ 45,579,000
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	3,864,000	4,995,000
Stockholders equity:		
Common stock, $.01 par value; 49,000,000 shares authorized and 23,211,846 shares issued; 22,189,442 shares outstanding at September 30, 2009 and 22,202,115 shares outstanding at December 31, 2008	232,000	232,000
Additional paid-in capital	19,472,000	19,454,000
Retained earnings	25,213,000	25,432,000
Less: treasury stock, at cost 1,022,404 shares at September 30, 2009 and 1,009,731 shares at December 31, 2008	(4,557,000)	(4,534,000)
	40,360,000	40,584,000
	$ 44,224,000	$ 45,579,000

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,	
	2009	**2008**	**2009**	**2008**
Revenues:				
Commissions and fees	$ 4,389,000	$ 6,052,000	$ 14,140,000	$ 18,085,000
Investment banking	576,000	400,000	4,009,000	2,844,000
Trading profits	348,000	549,000	1,387,000	801,000
Interest and dividends	47,000	164,000	98,000	707,000
	5,360,000	7,165,000	19,634,000	22,437,000
Expenses:				
Employee compensation and benefits	2,599,000	2,991,000	8,492,000	8,891,000
Clearing fees, including floor brokerage	1,266,000	1,695,000	4,300,000	4,774,000
Professional fees	1,529,000	2,332,000	4,988,000	5,531,000
Advertising and promotion	173,000	253,000	660,000	857,000
Communications	671,000	597,000	1,953,000	1,887,000
Occupancy	332,000	338,000	984,000	981,000
Other general and administrative	696,000	673,000	1,997,000	2,056,000
	7,266,000	8,879,000	23,374,000	24,977,000
Income from equity investees	615,000	108,000	2,903,000	1,687,000
Loss before income taxes	(1,291,000)	(1,606,000)	(837,000)	(853,000)
Benefit for income taxes	(840,000)	(675,000)	(618,000)	(362,000)
Net loss	$ (451,000)	$ (931,000)	$ (219,000)	$ (491,000)
Net loss per share of common stock - Basic and Diluted	$ (.02)	$ (.04)	$ (.01)	$ (.02)
Weighted average shares outstanding - Basic and Diluted	22,191,696	22,205,456	22,195,649	22,209,883

See notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2009	**2008**
Cash flows from operating activities:		
Net loss	$ (219,000)	$ (491,000)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	369,000	342,000
Income from equity investees	(2,903,000)	(1,687,000)
Deferred taxes	(23,000)	(173,000)
Distribution from equity investees	1,431,000	1,078,000
Employee stock based compensation	18,000	613,000
Securities owned, at fair value	33,000	
Unrealized loss of securities owned, at market value other		191,000
Proceeds from sale of securities owned, at market value - other		236,000
Changes in:		
Receivable from clearing brokers	313,000	(251,000)
Income tax refund receivable	(459,000)	
Prepaid expenses and other assets	223,000	(733,000)
Accounts payable and accrued liabilities	(1,131,000)	(1,313,000)
Net cash used in operating activities	(2,348,000)	(2,188,000)
Cash flows from investing activities:		
Purchase of furniture, equipment and leasehold improvements	(278,000)	(698,000)
Net advances repaid by equity investees	103,000	156,000
Net cash used in investing activities	(175,000)	(542,000)
Cash flows from financing activities:		
Dividend on common stock		(468,000)
Repurchase of common stock	(23,000)	(26,000)
Net cash used in financing activities	(23,000)	(494,000)
Net decrease in cash and cash equivalents	(2,546,000)	(3,224,000)
Cash and cash equivalents - beginning of period	29,617,000	34,589,000
Cash and cash equivalents - end of period	$ 27,071,000	$ 31,365,000
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	$ 237,000	$ 567,000

See notes to consolidated financial statements.

Siebert Financial Corp. & Subsidiaries
Notes to Consolidated Financial Statements
Nine Months Ended September 30, 2009 and 2008
(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 interests 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 accounting principles generally accepted 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, 2008. 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. Securities Transactions:

Securities transactions include trading profits, commission revenues and related clearing expenses are recorded on a trade date basis.

Marketable securities are valued at fair value. Interest is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Siebert clears all its security transactions through two unaffiliated clearing firms on a fully disclosed basis. Accordingly, Siebert does not hold funds or securities for or owe funds or securities to its customers. Those functions are performed by the clearing firms, which are highly capitalized.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets.

Level 2 quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability.

Level 3 valuations derived from valuation techniques in which one or more significant inputs is not readily observable.

As of September 30, 2009, accounts which are measured at fair value are classified as follows:

Securities owned	**Level 1**	**Level 2**	**Total**
New York State Dormitory Revenue Bonds		$ 508,000	$ 508,000
Common stock	$ 217,000		$ 217,000
	$ 217,000	$ 508,000	$ 725,000

Common stocks held long classified within Level 1 of the fair value hierarchy are valued on the last business day of the period at the last available reported sales price on the primary securities exchange.

Municipal Bonds held long classified within Level 2 of the fair value hierarchy are valued based on prices obtained from pricing sources, which derive values from observable inputs.

3. Loss per Share:

Basic loss per share is calculated by dividing net loss by the weighted average outstanding shares during the period. Diluted loss per share is calculated by dividing net 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. As the Company recognized a net loss for the three and nine months ended September 30, 2009 and September 30, 2008, basic and diluted loss per common share for such periods are the same as the effect of potentially dilutive securities would be anti-dilutive. Potentially dilutive securities consist of outstanding options to acquire 1,712,200 common shares.

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, 2009, Siebert had net capital of approximately $23,930,000 as compared with net capital requirements of $250,000.

4. Capital Transaction:

On January 22, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. Shares will be purchased from time to time, at management s discretion, in the open market and in private transactions. During the nine months ended September 30, 2009, 12,673 shares have been purchased at an average price of $1.86 per share.

5. Siebert Brandford Shank & Co., LLC:

Summarized financial data (presented in thousands) of Siebert Brandford Shank & Co., LLC, (SBS) is set forth below. Siebert holds a 49% ownership interest in SBS which is engaged in municipal bond underwritings. Income from SBS is considered to be integral to Siebert s operations and material to the results of operations.

	September 30	
	2009	**2008**
Total assets including secured demand note of $1,200,000 due from Siebert	$ 28,255,000	
Total liabilities including subordinated liabilities of $1,200,000 due to Siebert	12,964,000	
Total members capital	15,291,000	
Nine months ended:		
Total revenues	31,166,000	22,774,000
Net income	6,155,000	3,470,000
Three months ended:		
Total revenues	9,981,000	7,322,000
Net income	1,114,000	211,000
Regulatory minimum net capital requirement	784,000	371,000

Siebert charged SBS $56,000 and $84,000 for the nine months ended September 30, 2009 and 2008, respectively, and $18,000 and $19,000 for the three months ended September 30, 2009 and 2008, respectively, for general and administrative services which Siebert believes approximates the cost of furnishing such services.

Siebert s share of net income for the three months ended September 30, 2009 and 2008 amounted to $546,000 and $103,000, respectively, and for the nine months ended September 30, 2009 and 2008 amounted to $3,016,000 and $1,700,000, respectively.

Siebert s share of SBS s undistributed earnings amounted to $7,100,000 at September 30, 2009. Such amount 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.

6. SBS Financial Products Company, LLC

The Company has a 33.33% ownership interest in, and the two individual principals of SBS have an aggregate 66.66% ownership interest in, SBS Financial Products Company, LLC, (SBSFPC) which engages in derivatives transactions related to the municipal underwriting business. Income/(loss) from SBSFPC is considered to be integral to the Company s operations and material to the results of operations.

Summarized financial data of SBSFPC is set forth below.

	September 30	
	2009	2008
Total assets	$ 119,619,000	
Total liabilities	118,782,000	
Total members capital	837,000	
Nine months ended:		
Total revenues	(186,000)*	202,000
Net loss	(340,000)	(39,000)
Three months ended:		
Total revenues	256,000	58,000
Net income	207,000	15,000

* Attributable to unrealized loss on derivative contracts.

The Company s share of net income (loss) for the three months ended September 30, 2009 and 2008 amounted to $69,000 and $5,000, respectively, and for the nine months ended September 30, 2009 and 2008 amounted to ($113,000) and ($13,000), respectively.

At September 30, 2009, SBSFPC had an accumulated loss of $363,000 of which the Company s share was $121,000.

7. **Commitments and Contingent Liabilities:**

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.

8. **Income Taxes**

The Company increased its income tax refund receivable balance based on the Company s 2008 consolidated income tax returns which were filed in the third quarter of 2009 and recorded a benefit of approximately $330,000 relating to prior years resulting in an effective tax rate in the three and nine months ended September 30, 2009 of 65% and 74%, respectively.

On January 1, 2007, the Company adopted Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the criteria for recognizing tax benefits related to uncertain tax positions and requires additional financial statements disclosure. As required by FIN 48, the Company applied the more likely-than-not recognition threshold to all tax positions commencing at the adoption date which resulted in no unrecognized tax benefits in the accompanying financial statements.

The Company is not subject to any tax examinations for any federal or major state tax jurisdiction for years prior to 2005. The Company is currently undergoing a New York City income tax examination for the years 2005 and 2006. The agent has proposed a potential adjustment for additional taxes and interest which could amount to approximately $300,000 based on open tax years. The Company is contesting the adjustment.

9. **Recent Accounting Pronouncements**

During the third quarter of 2009, the Financial Accounting Standards Board s (FASB) Accounting Standards Codification became the single source of authoritative U.S. GAAP. The Codification does not create any new GAAP standards, but incorporates existing accounting and reporting standards into a new topical structure. Beginning with this quarterly report, the Company used a new referencing system to identify authoritative accounting standards, replacing the existing references to SFAS, EITF, FSP, etc. Existing standards will be designated by their Accounting Standards Codification (ASC) topical reference and new standards will be designated as Accounting Standards Updates (ASU) with a year and assigned sequence number. The adoption of the Codification did not have any impact on the Company s financial statements.

On April 9, 2009, the FASB issued ASC No. 825-10 Financial Instruments (ASC 825-10). ASC 825-10 amends disclosure standards to require disclosures about fair value of financial instruments in interim and annual financial statements. ASC 825-10 is effective for interim periods ending after June 15, 2009 and the Company adopted the provisions of ASC 825-10 in the second quarter of 2009 and had no impact on the Company s disclosures.

In May 2009, the FASB issued ASC No. 855-10, Subsequent Events (ASC 855-10). ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The Company adopted the provisions of ASC 855-10 for the quarter ended June 30, 2009 and has evaluated subsequent events through the date the financial statements were issued on November 16, 2009.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS 167), which changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. SFAS 167 requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also requires additional disclosure about a company s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. SFAS 167 is effective for the Company beginning on January 1, 2010. The Company is presently evaluating the effect, if any, that the adoption of SFAS 167 will have on its financial statements. SFAS 167 has not yet been included in the Codification.

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value (ASU 2009-05), codified primarily in ASC 820. ASU 2009-05 provides clarification and guidance regarding how to value a liability when a quoted price in an active market is not available for that liability. ASU 2009-05 is effective for the first reporting period (including interim periods) beginning after issuance (October 1, 2009 for the Company), and adoption is not expected to have a significant impact on the Company s financial statements.

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

This discussion should be read in conjunction with the our audited consolidated financial statements as of and for the year ended December 31, 2008, and the unaudited consolidated financial statements and the notes thereto contained elsewhere in this Quarterly Report.

Business Environment

The stock market rebounded in the third quarter of 2009 despite the volatility in the marketplace due to the financial crisis affecting the global economy. Competition in the securities industry remains intense especially with regard to retail customer account acquisition and retention.

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.

Recent Developments

On January 22, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. During the nine months ended September 30, 2009, 12,673 shares have been purchased at an average price of $1.86 per share.

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 affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent 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 received 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 $451,000 and $219,000 for the three months and nine months ended September 30, 2009, respectively.

Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 2008

Total revenues for the three months ended September 30, 2009 were $5.4 million, a decrease of $1.8 million or 25.2% from the same period in 2008.

Commission and fee income for the three months ended September 30, 2009 was $4.4 million, a decrease of $1.7 million or 27.5% from the same period in 2008. Commissions generated by retail customers decreased due to a decrease in trading volumes as well as a decrease in the average commission charged per trade. Additionally, there was a decrease in fees from margin debits and 12(b)-1 fees due to lower margin debit balances and lower rates. Our institutional trading commissions decreased as well but there was an offset by an increase in the commission recapture operations.

Investment banking revenues for the three months ended September 30, 2009 were $576,000, an increase of $176,000 or 44.0% primarily due to our participation in more new issues in the equity capital markets.

Trading profits were $348,000 for the three months ended September 30, 2009, a decrease of $201,000 or 36.6% over the same period in 2008 due to a decrease in trading volumes in the debt markets.

Interest and dividends for the three months ended September 30, 2009 were $47,000, a decrease of $117,000 or 71.3% from the same period in 2008 primarily due to lower yields on investments in U.S. Treasury Bills and money market funds and lower cash balances.

Total expenses for the three months ended September 30, 2009 were $7.3 million, a decrease of $1.6 million or 18.2% from the same period in 2008.

Employee compensation and benefit costs for the three months ended September 30, 2009 were $2.6 million, a decrease of $392,000 or 13.1% from the same period in 2008. This decrease was primarily due to the expensing of stock options granted to directors of our Company which vest immediately in the third quarter of 2008 as well as reduction in headcount and staff bonus accruals offset by an increase in commissions paid based on production in the capital markets operation, the hiring of additional institutional equity sales trader and employee health insurance.

Clearing and floor brokerage costs for the three months ended September 30, 2009 were $1.3 million, a decrease of $429,000 or 25.3% from the same period in 2008 primarily due to a decrease in volume of trade executions for retail customers offset by an increase volume relating to the commission recapture operations.

Professional fees for the three months ended September 30, 2009, were $1.5 million, a decrease of $803,000 or 34.4% from the same period in 2008 primarily due to legal fees relating to a dispute with a former employee.

Advertising and promotion expenses for the three months ended September 30, 2009 were $173,000, a decrease of $80,000 or 31.6% from the same period in 2008 primarily due to a decrease in production and airing of television commercials in the Florida region and print advertising and direct mailings to our retail customer base.

Communications expense for the three months ended September 30, 2009, was $671,000, an increase of $74,000 or 12.4% from the same period in 2008 primarily due to an increase in local telephone usage and quotation costs associated with our retail customer base.

Occupancy costs for the three months ended September 30, 2009 were $332,000, a decrease of $6,000 or 1.8% from the same period in 2008 due to a decrease in rent in the California branch.

Other general and administrative expenses for the three months ended September 30, 2009 were $696,000, an increase of $23,000 or 3.4% from the same period in 2008 due to the increase in placement fees, training, registration fees, Securities Investor Protection Corp. fees, supplies and interest expense offset by decreases in office expenses, data storage, travel and entertainment, insurance, printing and messenger service.

Income 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, 2009, was $546,000 compared to income of $103,000, an increase of $443,000 or 430.1% from the same period in 2008, primarily due to SBS participating in more municipal bond offerings as senior and co-managers. 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% equity interest (SBSFPC) for the three months ended September 30, 2008, was $69,000 compared to income from our equity investment in SBSFPC of $5,000, an increase of $64,000 from the same period in 2008. This increase was due to a mark to market gain in positions. 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, 2009 and 2008 was $840,000 and $675,000, respectively, due to our loss before benefit of $1.3 million and $1.6 million for the three months ended September 30, 2009 and 2008, respectively. The Company increased its income tax refund receivable balance based on the Company s 2008 consolidated income tax returns which were filed in the third quarter of 2009 and recorded a benefit of approximately $330,000 relating to prior years resulting in an effective tax rate in the third quarter of 2009 of 65%. The effective tax rate for the third quarter 2008 is approximately 42%.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

Total revenues for the nine months ended September 30, 2009 were $19.6 million, a decrease of $2.8 million or 12.5% from the same period in 2008.

Commission and fee income for the nine months ended September 30, 2009 was $14.1 million, a decrease of $3.9 million or 21.8% from the same period in 2008 due to a decrease in institutional trading and in the commission recapture operation. Retail customer commissions decreased due to a decrease in retail customer trade volumes. Additionally, there was a decrease in fees from margin debits and 12(b)-1 fees due to lower margin debit balances and lower rates.

Investment banking revenues for the nine months ended September 30, 2009 were $4.0 million, an increase of $1.2 million or 41.0% from the same period in 2008 due to our participation in more new issues in the equity and debt capital markets.

Trading profits were $1.4 million for the nine months ended September 30, 2009, an increase of $586,000 or 73.2% over the same period in 2008 due to an overall increase in trading volume primarily in the debt markets.

Interest and dividends for the nine months ended September 30, 2009 were $98,000, a decrease of $609,000 or 86.1% from the same period in 2008 primarily due to lower yields on investments in U.S. Treasury Bills and money market funds.

Total expenses for the nine months ended September 30, 2009 were $23.4 million, a decrease of $1.6 million or 6.4% from the same period in 2008.

Employee compensation and benefit costs for the nine months ended September 30, 2009 were $8.5 million, a decrease of $399,000 or 4.5% from the same period in 2008. This decrease was primarily due to the expensing of stock options granted to directors of our Company which vest immediately in the third quarter 2008 as well as reduction in headcount and staff bonus accruals offset by a increase in commissions paid based on production in the capital markets operation, the hiring of additional institutional equity sales trader and employee health insurance.

Clearing and floor brokerage costs for the nine months ended September 30, 2009 were $4.3 million, a decrease of $474,000 or 10.0% from the same period in 2008 primarily due to a decrease in volume of trade executions for retail customers and volume relating to the commission recapture operation offset by an increase in execution charges for institutional debt customers.

Professional fees for the nine months ended September 30, 2009, were $5.0 million, a decrease of $543,000 or 9.8% from the same period in 2008 primarily due to a decrease in legal fees, consulting fees relating to the commission recapture business and consultants assisting with the development of the front end computer system offset by increases in consulting fees relating to the compliance with Sarbanes-Oxley.

Advertising and promotion expenses for the nine months ended September 30, 2009 were $660,000, a decrease of $197,000 or 23.0% from the same period in 2008 primarily due to decrease in marketing and promotional expenses relating to the new front end computer system and print advertising, brochures and direct mailings to our retail customers.

Communications expense for the nine months ended September 30, 2009, was $2.0 million, an increase of $66,000 or 3.5% from the same period in 2008 primarily due to an increase in local telephone usage offset by a decrease in quotation costs associated with our retail customer base.

Occupancy costs for the nine months ended September 30, 2009 were $984,000, an increase of $3,000 or 0.3% from the same period in 2008 due to an increase in utilities and commercial rent tax at the corporate headquarters in New York offset by decrease in rents for our West Palm Beach branch.

Other general and administrative expenses for the nine months ended September 30, 2009 were $2.0 million a decrease of $59,000 or 2.9% from the same period in 2008. The decrease was a result of decreases in office expenses, travel and entertainment, insurance and subscriptions costs offset by increases in Securities Investor Protection Corp. fees, interest expense, and depreciation and amortization.

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, 2009, was $3.0 million, compared to income of $1.7 million, an increase of $1.3 million or 77.4% from the same period in 2008. The increase was due to SBS participating in more municipal bond offerings as senior manager and as co-manager.. 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, 2009, was $113,000 as compared to a loss from our equity investment in SBSFPC of $13,000 for the same period in 2008. This loss was due to the mark to market loss in positions. Income and loss from equity investees is considered to be integral to our operations and material to the results of operations.

The tax benefit for the nine months ended September 30, 2009 and 2008 was $618,000 and $362,000, based on our loss before income tax of $837,000 and $853,000, respectively. The Company increased its income tax refund receivable balance based on the Company s 2008 consolidated income tax returns which were filed in the third quarter of 2009 and recorded a benefit of approximately $330,000 relating to prior years resulting in an effective tax rate for the nine months ended September 30, 2009 of 74%. The effective tax rate for the nine months ended September 30, 2008 is approximately 42%.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash and money market funds. Our total assets at September 30, 2009 were $44 million. As of that date, $28.4 million, or 64%, of total assets were regarded by us as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At September 30, 2008, Siebert s regulatory net capital was $23.9 million, $23.7 million in excess of its minimum capital requirement of $250,000.

On January 22, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. During the nine months ended September 30, 2009, 12,673 shares have been purchased at an average price of $1.86 per share.

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 4% per annum. The facility expires on August 31, 2010, 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

We generally invest working capital temporarily in dollar denominated money market funds and United States Treasury Bills. 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 deemed 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 the Company s 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, 2008, 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, 2008.

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

On January 23, 2008, our Board of Directors authorized the repurchase of up to 300,000 shares of our common stock. Shares will be purchased from time to time, in our discretion, in the open market and in private transactions. We purchased 4,656 shares at an average price of $2.19 in the third quarter of 2009.

A summary of our repurchase activity for the three months ended September 30, 2009 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 2009	1,695	$ 1.87	21,562	278,438
August 2009	1,336	$ 2.03	22,898	277,102
September 2009	1,625	$ 2.66	24,523	275,477
Total	4,656		24,523	275,477

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 16, 2009

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

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

Dated: November 16, 2009