

SIEBERT FINANCIAL CORP
Form DEF 14A
April 25, 2008

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Soliciting Material Under Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

SIEBERT FINANCIAL CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**SIEBERT FINANCIAL CORP.
885 Third Avenue, Suite 1720
New York, New York 10022
(212) 644-2400**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 3, 2008**

Dear Shareholders:

Notice is hereby given of the Annual Meeting of Shareholders of Siebert Financial Corp., a New York corporation, at The Harmonie Club, 4 East 60th Street, New York, New York, on Tuesday, June 3, 2008 at 10:00 a.m., local time. The meeting's purpose is to:

1. Elect six directors; and
2. Consider any other matters that are properly presented at the Annual Meeting and any adjournment thereof.

You may vote at the Annual Meeting if you were one of our shareholders of record at the close of business on Monday, April 21, 2008.

Along with the attached Proxy Statement, we are also enclosing a copy of our Annual Report to Shareholders, which includes our financial statements.

To assure your representation at the meeting, please vote, sign and mail the enclosed proxy as soon as possible. We have enclosed a return envelope, which requires no postage if mailed in the United States. Your proxy is being solicited by the Board of Directors. Shareholders who attend the meeting may revoke their proxy and vote their shares in person.

PLEASE VOTE YOUR VOTE IS IMPORTANT

Daniel Iesu
Secretary

New York, New York
April 25, 2008

**SIEBERT FINANCIAL CORP.
885 Third Avenue, Suite 1720
New York, New York 10022**

(212) 644-2400

**PROXY STATEMENT FOR THE 2008 ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD ON JUNE 3, 2008**

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

- Annual Meeting:** June 3, 2008 The Harmonie Club
10:00 a.m., local time 4 East 60th Street
New York, New York
- Record Date:** Close of business on Monday, April 21, 2008. If you were a shareholder at that time, you may vote at the meeting. Each share is entitled to one vote. On the record date, we had 23,214,132 shares of our common stock outstanding and entitled to vote. Of those shares, 19,878,700 shares were beneficially owned or controlled by Muriel Siebert, our Chairwoman, President and Chief Executive Officer, and one of our directors.
- Quorum:** The holders of a majority of the outstanding shares of our common stock, present in person or by proxy and entitled to vote, will constitute a quorum at the meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum.
- Agenda:**
1. Elect six directors.
 2. Any other proper business. However, we currently are not aware of any other matters that will come before the meeting.
- Vote Required:** The six nominees for director who receive the most votes will be elected. If you withhold authority to vote for any nominee on your proxy card, your vote will not count either for or against the nominee.
- Broker Non-votes:** If you hold your common stock through a nominee, generally the nominee may vote the common stock that it holds for you only in accordance with your instructions. Brokers who are members of the Financial Industry Regulatory Authority may not vote shares held by them in nominee name unless they are permitted to do so under the rules of any national securities exchange to which they belong. Under New York Stock Exchange rules, a member broker that has transmitted proxy soliciting materials to a beneficial owner may vote on matters that the New York Stock Exchange has determined to be routine if the beneficial owner has not provided the broker with voting instructions within ten days of the meeting. If a nominee cannot vote on a particular matter because it is not routine, there is a broker non-vote on that matter. Broker non-votes count for quorum purposes, but we do not count broker non-votes as votes for or against any proposal.
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Proxies: Please vote; your vote is important. Prompt return of your proxy will help avoid the costs of re-solicitation. Unless you tell us on the proxy card to vote differently, we will vote signed returned proxies FOR each of the Board of Directors' nominees for director.

If any nominee cannot or will not serve as a director, your proxy will vote in accordance with his or her best judgment. At the time we began printing this proxy statement, we did not know of any matters that needed to be acted upon at the meeting other than those discussed in this proxy statement. However, if any additional matters are presented to the shareholders for action at the meeting, your proxy will vote in accordance with his or her best judgment.

Proxies Solicited By: The Board of Directors.

Revoking Your Proxy: You may revoke your proxy before it is voted at the meeting. Proxies may be revoked if you:

1. deliver a signed, written revocation letter, dated later than the proxy to be revoked, to Daniel Iesu, Secretary, Siebert Financial Corp., 885 Third Avenue, Suite 1720, New York, New York 10022;
2. deliver a signed proxy, dated later than the first proxy, to Mr. Iesu at the address above; or
3. attend the Annual Meeting and vote in person or by proxy. Attending the meeting without doing more will not revoke your proxy.

Cost of Solicitation: We will pay all costs of soliciting these proxies, estimated at \$3,500 in the aggregate. Although we are mailing these proxy materials, our directors, officers and employees may also solicit proxies by telephone, facsimile, mail or personal contact. These persons will receive no compensation for their services, but we may reimburse them for reasonable out-of-pocket expenses. We will also furnish copies of solicitation materials to fiduciaries, custodians, nominees and brokerage houses for forwarding to beneficial owners of our shares of common stock held in their names, and we will reimburse them for reasonable out-of-pocket expenses. Broadridge Financial Solutions, Inc. is assisting us in the solicitation of proxies for the meeting for no fee.

Your Comments: Your comments about any aspects of our business are welcome. Although we may not respond on an individual basis, your comments help us to measure your satisfaction, and we may benefit from your suggestions.

PROPOSAL 1

ELECTION OF DIRECTORS

Generally: Our Board of Directors nominated six directors for election at the annual meeting. All the nominees for election as director are currently serving as our directors. All the nominees have consented to be named and have indicated their intent to serve if elected. If elected, each director will hold office until the next annual meeting or until the director's successor has been duly elected. All our directors, other than Ms. Siebert, are "independent" within the meaning of Rule 4200(a)(15) of The Nasdaq Stock Market.

Nominees: MURIEL F. SIEBERT
Age 75

Muriel Siebert has been Chairwoman, Chief Executive Officer, President and a director of Muriel Siebert & Co., Inc. since 1967 and of Siebert Financial Corp. since November 8, 1996. On December 28, 1967, Ms. Siebert became the first woman member of the New York Stock Exchange. Ms. Siebert served as Superintendent of Banks of the State of New York from 1977 to 1982. She is a director of the New York State Business Council, and the Greater New York Council of the Boy Scouts of America. Ms. Siebert until recently was on the executive committee of the Economic Club of New York and formerly served on the New York State Commission on Judicial Nomination, which is involved in the selection of Associate Judges for the Court of Appeals.

PATRICIA L. FRANCY
Age 62

Patricia Francy retired as Special Advisor for Alumni Relations at Columbia University on December 31, 2005. She had served in such position since January 1, 2004 and was Treasurer and Controller of Columbia University from 1989 until 2003. Ms. Francy had been affiliated with Columbia University since 1968, and has served as a Director of Finance and Director of Budget Operations. Ms. Francy is also a director of Old Westbury Funds, Inc. Ms. Francy became a director on March 11, 1997.

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LEONARD M. LEIMAN
Age 76

Leonard Leiman is of counsel to the law firm of Fulbright & Jaworski L.L.P., New York, New York. Fulbright & Jaworski L.L.P. provides legal services to us. Prior to becoming of counsel in 2002, Mr. Leiman was a partner in Fulbright & Jaworski L.L.P. for more than the preceding five years. Mr. Leiman became a director on May 2, 2002.

JANE H. MACON
Age 61

Jane Macon is a partner with the law firm of Fulbright & Jaworski L.L.P., San Antonio, Texas. Fulbright & Jaworski L.L.P. provides legal services to us. Ms. Macon became a director on November 8, 1996.

ROBERT P. MAZZARELLA
Age 61

Robert Mazzarella retired from Fidelity Investments Brokerage Services LLC in January 2002, at which time he served as its president. Mr. Mazzarella presently serves as a director of Placemark Investments, a registered investor adviser in Wellesley, Massachusetts, M&O, a financial services recordkeeping firm, as a director to Pyxis Mobile in Waltham, Massachusetts, as a member of the Board of Governors of the Boston Stock Exchange and as the Regulatory Board Chairman of the Boston Options Exchange. Mr. Mazzarella also acts as a consultant to a number of major financial services firms and venture capital firms. Mr. Mazzarella became a director on March 1, 2004.

NANCY S. PETERSON
Age 74

Nancy Peterson is the President, Chairwoman and Chief Executive Officer of Peterson Tool Company, Inc. Ms. Peterson became a director on June 4, 2001.

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Vote Required: The six nominees for director who receive the most votes will be elected. The enclosed proxy allows you to vote for the election of all the nominees listed, to withhold authority to vote for one or more of the nominees or to withhold authority to vote for all the nominees. If you withhold authority to vote for any nominee on your proxy card, your vote will not count either for or against the nominee.

The persons named in the enclosed proxy intend to vote FOR the election of all the nominees. Each of the nominees currently serves as a director and has consented to be nominated. We do not foresee that any of the nominees will be unable or unwilling to serve, but if such a situation should arise, your proxy will vote in accordance with his or her best judgment.

THE BOARD DEEMS THIS PROPOSAL TO BE IN THE BEST INTEREST OF SIEBERT FINANCIAL CORP. AND ITS SHAREHOLDERS AND RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR.

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CORPORATE GOVERNANCE

Board Meetings:

In 2007, the Board of Directors held five meetings. Each incumbent director attended at least 75% of his or her Board of Directors meetings and all of his or her committee meetings.

Controlled Company:

We are a "Controlled Company" as defined in Rule 4350(c)(5) of the Nasdaq Stock Market because Muriel Siebert holds more than 50% of our voting power. As a "Controlled Company" we are not required to have a majority of our Board of Directors comprised of independent directors, a compensation committee comprised solely of independent directors or a nominating committee comprised solely of independent directors.

Audit Committee of the Board of Directors:

The Audit Committee held four meetings during 2007. The Audit Committee of our Board of Directors currently consists of Ms. Francy, Chairwoman, Mr. Mazzarella, and Ms. Peterson. The Board of Directors has determined that Ms. Francy, Mr. Mazzarella, and Ms. Peterson are "independent" within the meaning of Rule 4200(a)(15) of The Nasdaq Stock Market and within the meaning of the applicable rules and regulations of the Securities and Exchange Commission.

The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is attached as Annex A to this proxy statement. A copy of the charter is also available on our website at www.siebertnet.com. The Board of Directors has determined that Mr. Mazzarella qualifies as an "audit committee financial expert" under the applicable rules of the Securities and Exchange Commission.

The Audit Committee was established to (i) assist the Board of Directors in its oversight responsibilities regarding the integrity of our financial statements, our compliance with legal and regulatory requirements and our auditor's qualifications and independence, (ii) prepare the report of the Audit Committee contained herein, (iii) retain, consider the continued retention and terminate our independent auditors, (iv) approve audit and non-audit services performed by our independent auditors and (v) perform any other functions from time to time delegated by the Board of Directors.

Compensation Committee of the Board of Directors:

The Compensation Committee of our Board of Directors currently consists of Ms. Macon, Chairwoman, Ms. Francy, Mr. Mazzarella and Ms. Peterson. The Compensation Committee reviews and determines all forms of compensation provided to our executive officers and directors. The Compensation Committee also administers our stock option and other employee benefit plans. The Compensation Committee does not function pursuant to a formal written charter and as a "Controlled Company" is not required to comply with The Nasdaq Stock Market's independence requirements. The

Compensation Committee held four meetings during 2007.

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The Compensation Committee generally determines compensation of our executive officers (other than the Chief Executive Officer) after carefully reviewing self-evaluations completed by the executive officers, each executive officer's business responsibilities, current compensation, the recommendation of our Chief Executive Officer and our financial performance. The Compensation Committee evaluates the performance of the Chief Executive Officer in terms of our operating results and financial performance and determines her compensation in connection therewith. For the 2007 fiscal year, our Chief Executive Officer requested that her cash compensation be limited to \$150,000. The Compensation Committee determined that the cash compensation for the Chief Executive Officer be \$150,000 for the 2007 fiscal year. Except for the Chief Executive Officer, our executive officers do not play a role in their own compensation decision.

**Nominating Committee
of the Board of
Directors:**

The Nominating Committee of the Board of Directors currently consists of Ms. Peterson, Chairwoman, Ms. Siebert, Ms. Francy and Ms. Macon. The Nominating Committee does not function pursuant to a formal written charter and as a "Controlled Company" is not required to comply with The Nasdaq Stock Market's independence requirements. The Nominating Committee was formed in January 2004 and did not meet in 2007. The Nominating Committee acted once in 2008 with respect to the recommendation to the Board of Directors of the nomination of each of the directors for re-election at the 2008 Annual Meeting of Shareholders.

The purpose of the Nominating Committee is to identify individuals qualified to become members of our Board of Directors and to recommend to the Board of Directors or the shareholders that such individual be selected for directorship. In identifying and evaluating nominees for director, the Nominating Committee considers each candidate's experience, integrity, background and skills as well as other qualities that the candidate may possess and factors that the candidate may be able to bring to the Board of Directors.

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The Nominating Committee will consider shareholder nominees for election to our Board of Directors. In evaluating such nominations, the Nominating Committee will use the same selection criteria the Nominating Committee uses to evaluate other potential nominees. Any shareholder wishing to recommend a director candidate for consideration by the

Nominating Committee must do so by sending written notice to our Secretary at 885 Third Avenue, Suite 1720, New York, New York 10022, no later than January 2, 2009, such notice must include the recommended candidate's name, experience, qualifications and biographical data, as well as, information as to whether such candidate would qualify as "independent" within the meaning of Rule 4200(a)(15) of The Nasdaq Stock Market and the applicable rules and regulations of the Securities and Exchange Commission or as an "audit committee financial expert" under applicable rules and regulations of the Securities and Exchange Commission. The submission must be accompanied by a written consent by the nominee to stand for election if nominated by the Board of Directors and to serve if elected by the shareholders and a representation that the information with respect to such nominee is truthful and accurate.

Indemnification of Officers and Directors:

We indemnify our executive officers and directors to the extent permitted by applicable law against liabilities incurred as a result of their service to us and against liabilities incurred as a result of their service as directors of other corporations when serving at our request. We have a director's and officer's liability insurance policy, underwritten by National Union Fire Insurance Company of Pittsburgh, PA, in the annual aggregate amount of \$10 million. As to reimbursements by the insurer of our indemnification expenses, the policy has a \$350,000 deductible; there is no deductible for covered liabilities of individual directors and officers.

Annual Shareholders Meeting Attendance Policy:

It is the policy of our Board of Directors that all of our directors are strongly encouraged to attend each annual shareholders meeting. All of our directors attended the 2007 annual meeting of shareholders.

Code of Ethics:

We have adopted a Code of Ethics for Senior Financial Officers applicable to our chief executive officer, chief financial officer, treasurer, controller, principal accounting officer, and any of our other employees performing similar functions. A copy of the Code of Ethics for Senior Financial Officers is available on our website at www.siebertnet.com.

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SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

Management Ownership:

The following table lists share ownership of our common stock as of April 15, 2008. The information includes beneficial ownership by each of our directors, the persons named in the Summary Compensation Table, all directors and executive officers as a group and beneficial owners known by our management to hold at least 5% of our common stock. To our knowledge, each person named in the table has sole voting and

investment power with respect to all shares of common stock shown as beneficially owned by such person. Any information in the table on beneficial owners known by management to hold at least 5% of our common stock is based on information furnished to us by such persons or groups and statements filed with the Securities and Exchange Commission.

Name of Beneficial Owner(1)	Shares of Common Stock	Percent of Class
Muriel F. Siebert	20,628,700 ⁽²⁾	86.1%
Ameen Esmail	20,000 ⁽³⁾	*
Joseph M. Ramos, Jr.	5,000 ⁽³⁾	*
Jeanne M. Rosendale	20,000 ⁽⁴⁾	*
Daniel Iesu	40,000 ⁽³⁾	*
Patricia L. Francy	41,000 ⁽⁵⁾	*
Leonard M. Leiman	42,000 ⁽⁵⁾	*
Jane H. Macon	41,500 ⁽⁵⁾	*
Robert P. Mazzarella	80,000 ⁽³⁾	*
Nancy S. Peterson	40,000 ⁽³⁾	*
Directors and current executive officers as a group (10 persons)	20,958,200 ⁽⁶⁾	86.3%

* Less than 1%

(1) The address for each person named in the table is c/o Siebert Financial Corp., 885 Third Avenue, Suite 1720, New York, New York 10022.

(2) Includes an option to purchase 750,000 shares of our common stock which are currently exercisable.

(3) Represents options to purchase shares of our common stock which are currently exercisable.

(4) Represents an option to purchase 15,000 shares of our common stock which is currently exercisable and an option to purchase 5,000 shares of our common stock exercisable within 60 days of April 15, 2008.

(5) Includes options to purchase 40,000 shares of our common stock which are currently exercisable.

(6) Includes options to purchase an aggregate of 1,075,000 shares of our common stock described above which are currently exercisable or which are exercisable within 60 days of April 15, 2008.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows, for the years ended December 31, 2007 and 2006, the annual compensation paid to or earned by (1) our CEO, and (2) each of the four most highly compensated individuals who were serving as our executive officers at December 31, 2007, collectively, the Named Executive Officers.

Name and principal position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Non-qualified Deferred Compensation Earnings	All Other Compensation
		(\$)	(\$)	(\$)	(\$) ⁽¹⁾	(\$)	(\$)	(\$)
Muriel F. Siebert <i>Chairwoman and President</i>	2007	150,000						
	2006	150,000						
Joseph M. Ramos, Jr. <i>Executive Vice President and Chief Financial Officer</i>	2007	195,000	100,000					
	2006	195,000	95,000		46,250 ⁽²⁾			
Ameen Esmail <i>Executive Vice President and Director of Business Development</i>	2007	185,000	90,000					
	2006	185,000	85,000					
Jeanne M. Rosendale <i>Executive Vice President and General Counsel</i>	2007	300,000	150,000					
	2006	300,000	145,000					
Daniel Iesu <i>Secretary</i>	2007	120,000	85,000					
	2006	120,000	80,000					

(1) Represents the dollar amount recognized for financial statement reporting in accordance with FAS 123(R).

(2) On August 17, 2006, Mr. Ramos was granted an option to purchase 25,000 shares of our common stock at an exercise price of \$2.75 per share, the fair market value on the grant date. This option vests as to 5,000 shares on each anniversary of the grant date.

Grants of Plan-Based Awards

Our Compensation Committee did not approve grants of options to purchase our common stock or other equity awards under our 2007 Long-Term Incentive Plan to any of our Named Executive Officers.

We are not party to an employment agreement with any of our Named Executive Officers. All of our Named Executive Officers are employed at-will. The salary and incentive amounts of our Named Executive Officers are disclosed in the Summary Compensation Table.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the outstanding equity award holdings of our Named Executive Officers at December 31, 2007.

OPTION AWARDS				STOCK AWARDS		
Number of Securities	Number of Securities	Equity Incentive Plan Awards:		Market Value of Shares or Units	Number of Shares or Units	Market Value of Shares or Units
		Number of Securities	Number of Securities			

Name	Underlying Unexercised Options (#) Exercisable	Underlying Unexercised Options (#) Unexercisable	Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	or Units of Stock That Have Not Vested (#)	Units of Stock That Have Not Vested (\$)	Units of Stock That Have Not Vested (\$)
Muriel F. Siebert	750,000	0	0	4.30	4/19/2012	0	0	0
Joseph M. Ramos, Jr.	5,000	20,000 ⁽¹⁾	0	2.75	8/17/2016	0	0	0
Ameen Esmail	20,000	5,000 ⁽²⁾	0	5.06	7/3/2013	0	0	0
Jeanne M. Rosendale	15,000	10,000 ⁽³⁾	0	4.75	5/4/2014	0	0	0
Daniel Iesu	40,000	0	0	5.33	2/27/2011	0	0	0

- (1) These options vested as to 5,000 shares on August 17, 2007 and vest as to an additional 5,000 shares on each of August 17, 2008, August 17, 2009, August 17, 2010 and August 17, 2011. This vesting schedule is accelerated upon a change of control.
- (2) These options vested as to 5,000 shares on each of July 3, 2004, July 3, 2005, July 3, 2006 and July 3, 2007 and vest as to an additional 5,000 shares on July 3, 2008. This vesting schedule is accelerated upon a change of control.
- (3) These options vested as to 5,000 shares on each of May 4, 2005, May 4, 2006, May 4, 2007 and vest as to an additional 5,000 shares on each of May 4, 2008 and May 4, 2009. This vesting schedule is accelerated upon a change of control.

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Termination of Employment and Change-in-Control Arrangements

Employment Agreements. We are not a party to an employment agreement with any Named Executive Officer. All of our Named Executive Officers are employees at-will.

Option Agreements. The Option Agreements we entered into with each of Messrs. Esmail and Ramos and Ms. Rosendale provide that in the event of a Change of Control of our company (as defined below) the options shall immediately become fully exercisable. A Change of Control means the occurrence of (i) any consolidation or merger in which we are not the surviving entity or pursuant to which shares of our common stock are converted into cash, securities or other property, other than a consolidation or merger in which the holders of our common stock immediately prior to such consolidation or merger own not less than fifty percent of the total voting power of the surviving entity following the merger, (ii) any sale of all or substantially all of our assets, (iii) the approval by our shareholders of any plan of complete liquidation or dissolution or (iv) any person or entity becoming the owner of 50% or more of our common stock. All options to purchase our common stock issued to Ms. Siebert and Mr. Iesu have vested and are fully exercisable.

Compensation of Directors

During 2007, our non-employee directors received compensation for service on our Board of Directors. We do not compensate our employees or employees of our subsidiaries for service as directors. The chairs of the Board's Audit and Compensation Committees each receive an additional annual fee of \$10,000. On June 5, 2007, the Board of Directors authorized the payment of an additional annual fee of \$10,000 to the Audit Committee Financial Expert. Directors' fees are paid quarterly.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Muriel F. Siebert ⁽¹⁾	0	0	0	0	0	0	0
Patricia L. Francy ⁽²⁾	40,000	0	0	0	0	0	40,000
Leonard M. Leiman	30,000	0	0	0	0	0	30,000
Jane H. Macon ⁽³⁾	40,000	0	0	0	0	0	40,000
Robert P. Mazzarella ⁽⁴⁾	35,000	0	0	0	0	0	35,000
Nancy S. Peterson	30,000	0	0	0	0	0	30,000

- (1) Ms. Siebert is the Chairwoman, President and Chief Executive Officer and accordingly does not receive any compensation for her services as a director.
- (2) Ms. Francy is the Chairwoman of the Audit Committee.
- (3) Ms. Macon is the Chairwoman of the Compensation Committee.
- (4) Mr. Mazzarella is the Audit Committee Financial Expert.

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Audit Committee Report to Shareholders:

The Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended December 31, 2007. The Audit Committee has also discussed with Siebert Financial's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, "Communications with Audit Committees," including Siebert Financial's critical accounting policies and its interests, if any, in "off balance sheet" entities. Additionally, the Audit Committee has received the written disclosures and representations from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

Based on the review and discussions referred to within this report, the Audit Committee recommended to the Board of Directors that the audited financial statements for fiscal year ended December 31, 2007 be included in Siebert Financial Corp.'s Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee,
Patricia L. Francy, *Chairwoman*
Robert P. Mazzarella
Nancy S. Peterson

**Section 16(a)
Beneficial Ownership
Reporting
Compliance:**

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission.

These executive officers, directors and shareholders are required by the Securities and Exchange Commission to furnish us with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of the forms furnished to us, we believe that during fiscal 2007 all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners were complied with on a timely basis.

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RELATIONSHIP WITH INDEPENDENT AUDITORS

Eisner LLP currently serves as our independent registered public accounting firm. A representative of Eisner LLP will be present at the Annual Meeting and will have an opportunity to make a statement if he or she desires to do so, and will respond to appropriate questions from shareholders.

Audit Fees

Audit Fees. The aggregate fees billed by Eisner LLP for professional services rendered for the audit of our annual financial statements and reviews of our quarterly financial statements were \$151,000 and \$134,000 for the years ended December 31, 2007 and December 31, 2006, respectively.

Tax Fees. The aggregate fees billed by Eisner LLP during the years ended December 31, 2007 and December 31, 2006 for tax planning services totaled \$48,800 and \$35,000, respectively.

All Other Fees. The aggregate fees billed by Eisner LLP during the year ended December 31, 2007 with respect to the audit of our 401(k) Plan and the review of our compliance with the terms and conditions of an agreement with a third party was \$36,000. Eisner LLP did not perform any other services during the year ended December 31, 2006.

Eisner LLP did not perform any audit-related services during the years ended December 31, 2007 or December 31, 2006.

Our Audit Committee has determined that the services described above that were rendered by Eisner LLP are compatible with the maintenance of Eisner LLP independence from our management.

Pre-Approval Policy

The Audit Committee pre-approves all audit and non-audit services provided by our independent auditors prior to the engagement of the independent auditors with respect to

such services. With respect to audit services and permissible non-audit services not previously approved, the Audit Committee has authorized the Chairwoman of the Audit Committee to approve such audit services and permissible non-audit services, provided the Chairwoman informs the Audit Committee of such approval at the next regularly scheduled meeting. All "Audit Fees" and "Tax Fees" set forth above were pre-approved by the Audit Committee in accordance with its pre-approval policy.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Related Party Transactions

As set forth in our Amended and Restated Audit Committee Charter, the Audit Committee is responsible for reviewing and approving all related party transactions.

Our Code of Ethics for Senior Financial Officers, applicable to our chief executive officer, chief financial officer, controller, treasurer, principal accounting officer and other employees performing similar functions, provides that our Senior Financial Officers should endeavor to avoid any actual or potential conflict of interest between their personal and professional relationships and requires them to promptly report and disclose all material facts relating to their relationships or financial interests which give rise, directly or indirectly, to an actual or potential conflict of interest to the Audit Committee. The Code of Ethics also provides that no Senior Financial Officer should knowingly become involved in any actual or potential conflict of interest without the relationship or financial interest having been approved by the Audit Committee.

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SHAREHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING AND COMMUNICATIONS

If you wish to submit proposals to be presented at the 2009 Annual Meeting of Shareholders, the proposals must be received by us no later than January 2, 2009 to be included in our proxy materials for that meeting.

The Board of Directors maintains a process for shareholders to communicate with the Board of Directors or individual directors as follows. Shareholders who wish to communicate with the Board of Directors or an individual director should direct written correspondence to our Secretary at our principal office at 885 Third Avenue, Suite 1720, New York, New York 10022. Any such communication must contain (i) a representation that the shareholder is a holder of record of our common stock, (ii) the name and address, as they appear on our books, of the shareholder sending such communication and (iii) the number of shares of our common stock that are beneficially owned by such shareholder. The Secretary will forward such communications to the Board of Directors or specified individual director to whom the communication is directed unless such communication is unduly hostile, threatening, illegal or similarly inappropriate, in which case the Secretary has the authority to discard the communication or take appropriate legal action regarding such communication.

OTHER MATTERS

The Board does not know of any other matters to be presented at the meeting. If any additional matters are properly presented to the shareholders for action at the meeting, the

persons named in the enclosed proxies and acting thereunder will have discretion to vote on these matters in accordance with their own judgment.

YOU MAY OBTAIN A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITHOUT CHARGE BY WRITING TO: DANIEL IESU, SECRETARY, SIEBERT FINANCIAL CORP., 885 THIRD AVENUE, SUITE 1720, NEW YORK, NEW YORK 10022 OR CALLING 800-872-0711.

By Order of the Board of Directors

Daniel Iesu
Secretary

Dated: April 25, 2008

PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.

PLEASE VOTE YOUR VOTE IS IMPORTANT

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ANNEX A

**SIEBERT FINANCIAL CORP.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
AMENDED AND RESTATED CHARTER**

This Charter identifies the purpose, composition, meeting requirements, committee responsibilities, annual evaluation procedures and investigations and studies of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Siebert Financial Corp. (the "Company").

I. PURPOSE

The Committee has been established to: (a) assist the Board in its oversight responsibilities regarding (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements and (3) the independent auditors' qualifications and independence; (b) prepare the report required by the United States Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement; (c) retain, consider the continued retention and terminate the Company's independent auditors; (d) approve audit and non-audit services to be performed by the independent auditors; and (e) perform such other functions as the Board may from time to time assign to the Committee. In performing its duties, the Committee shall seek to maintain an effective working relationship with the Board, the independent auditors and management of the Company.

II. COMPOSITION

The Committee shall have a minimum of three members appointed by the Board who serve until replaced by the Board. The Chairman of the Board shall designate the Chairman of the Committee. The Committee shall be comprised of members who meet the independence, experience and financial literacy requirements of The Nasdaq Stock Market, Inc., Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the SEC. All members of the Committee shall be able to read and understand fundamental financial statements and have a working familiarity with basic finance and accounting practices. The Board shall review these requirements on an annual basis to insure continued compliance by the members of the Committee.

Except for Board and Committee fees, after the Company's 2004 Annual Stockholders' Meeting a member of the Committee shall not be permitted to accept any fees paid directly or indirectly for services as a consultant, legal adviser or financial adviser or any other fees which would affect such Committee members' independence under the rules of the SEC, the Sarbanes-Oxley Act of 2002 and The Nasdaq Stock Market. In addition, no member of the Committee may be an affiliated person of the Company or any of its subsidiaries. Members of the Committee may receive their Board and Committee fees in cash, Company stock or options or other in-kind consideration as determined by the Board or the Compensation Committee or other authorized committee of the Board, as applicable, in addition to all other benefits that other directors of the Company receive. No director may serve on the Committee, without the approval of the Board, if such director simultaneously serves on the audit committee of more than three public companies.

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III. MEETING REQUIREMENTS

The Committee shall meet as necessary, but at least quarterly, to enable it to fulfill its responsibilities. The Committee shall meet at the call of its Chairperson, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's Bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and procedures, including designation of a chairperson pro tempore, in the absence of the Chairperson, and designation of a permanent or pro tempore secretary. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes if requested.

The Committee may ask members of management, employees, outside counsel, the independent auditors or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least once each year) as requested by the Board.

IV. COMMITTEE AUTHORITY, DUTIES AND RESPONSIBILITIES

The Company's independent auditors shall report directly to the Committee. The Committee shall be directly responsible for, and have sole authority as to, the appointment, retention and termination, compensation and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditors regarding accounting matters and financial reporting matters.

In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Oversight of the Financial Reporting Processes

1. In consultation with the independent auditors review the integrity of the organization's financial reporting processes, both internal and external.

2. Review and approve all related-party transactions.

3. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Consider any alternative accounting principles and estimates presented to it.

4. Annually review major issues regarding the Company's auditing and accounting principles and practices and its presentation of financial statements, including the adequacy of internal controls and special audit steps adopted in light of material internal control deficiencies.

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5. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies and other areas of oversight applicable to the legal and compliance area as may be appropriate.

6. Meet at least annually with the chief financial officer and the independent auditors in separate executive sessions.

7. Review all analyses prepared by management and the independent auditors of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effect of alternative treatments of financial information within generally accepted accounting principles ("GAAP") on the Company's financial statements.

8. Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

9. Obtain from the independent auditors assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.

10. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as modified or amended, relating to the conduct of

the audit.

B. Review of Documents and Reports

1. Review and discuss with management and the independent auditors the Company's annual audited financial statements and quarterly financial statements (including disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to the release of these statements. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, including review of audit adjustments (whether or not recorded) and any such other inquiries as may be appropriate. Based on this review and prior to filing the Company's annual report on Form 10-K, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited consolidated financial statements in the Company's annual report on Form 10-K.

2. Review and discuss with management and the independent auditors any financial reports or other financial information submitted to investors, including any certification, financial report, opinion or review rendered by the independent auditors. Consider, as appropriate, whether the information contained in these documents is consistent with the information contained in the financial statements and whether the independent auditors and legal counsel are satisfied with the disclosure and content of such documents.

3. Review and discuss with management and as appropriate, with the independent auditors, earnings press releases, if any, as well as financial information and earnings guidance provided to investors and rating agencies, prior to their release.

4. Review in meetings with management any correspondence that raises material issues regarding the Company's financial statements or accounting policies received from, or sent to, regulators or government agencies and any employee complaints or published reports.

5. Prepare the report of the Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

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C. Independent Auditors Matters

1. Interview and retain the Company's independent auditors, considering the accounting firm's independence and effectiveness and determine the engagement fees and other compensation to be paid to the independent auditors.

2. Meet separately with each of the independent auditors and the Company's financial management to review the scope of the proposed external audit for the current year.

3. Approve, in advance of the work being performed, the scope of all audit and permissible non-audit services of the independent auditors.

4. On an annual basis, the Committee shall evaluate the independent auditors' qualifications, performance and independence. To assist in this undertaking, the Committee may request information and consider (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review,

or peer review, of the accounting firm or by any inquiry or investigations by governmental or professional authorities (within the preceding five years) respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues and (c) all relationships the independent auditors have with the Company and relevant third parties in order to determine the effect, if any, of such relationships on the independent auditors' independence. In making its determination, the Committee shall consider not only auditing and other traditional accounting functions performed by the independent auditors, but also non-audit services performed or proposed to be performed.

5. The Committee shall also consider whether the provision of any of these non-audit services is compatible with the independence standards under the guidelines of the SEC and other applicable authorities (including, if pertinent, the Public Company Accounting Oversight Board).

6. Review on an annual basis the experience and qualifications of the senior members of the external audit team. Discuss the knowledge and experience of the independent auditors and the senior members of the external audit team with respect to the Company's industry. The Committee shall ensure the regular rotation of the lead audit partner and audit review partner as required by law.

7. Review the performance of the independent auditors and their continued retention as the Company's independent auditors.

8. Establish and periodically review the Company's hiring policies relating to current or former employees of the independent auditors.

9. Review with the independent auditors any problems or difficulties the auditors may have encountered and any "management" or "internal control" letter provided by the independent auditors and the Company's response to that letter. Such review should include:

(a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any disagreements with management; and

(b) any accounting adjustments that were proposed by the independent auditors that were not agreed to by the Company.

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10. Communicate with the independent auditors regarding (a) alternative treatments of financial information consistent with GAAP, (b) critical accounting policies and practices to be used in preparing the audit report and (c) such other matters as the SEC and the Nasdaq Stock Market may direct by rule or regulation.

11. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

12. Oversee the relationship with the independent auditors by discussing with the independent auditors the nature and rigor of the audit process, receiving and reviewing audit reports and ensuring that the independent auditors have full access to the Committee

(and the Board) to report on any and all appropriate matters.

13. Review with the independent auditors prior to the audit the general planning, scope and staffing of the audit.

D. Audit Control Matters

1. Discuss with management policies with respect to risk assessment and risk management. Although it is management's duty to assess and manage the Company's exposure to risk, the Committee should discuss guidelines and policies to govern the process by which risk assessment and management is handled and review the steps management has taken to monitor and control the Company's risk exposure.

2. Following completion of the annual external audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

3. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

4. Periodically review and monitor compliance with the Company's code of conduct.

5. Maintain procedures for receiving accounting complaints and concerns and anonymous submissions from employees and others regarding questionable accounting, internal controls or auditing matters.

6. Periodically discuss with the chief executive officer and chief financial officer (a) significant deficiencies in the design or operation of the internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and (b) any fraud that involves management or other employees who have a significant role in the Company's internal controls.

V. ANNUAL EVALUATION PROCEDURES

The Committee shall annually assess its own performance to confirm that it is meeting its responsibilities under this Charter. In this review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of

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agenda items, (d) frequency and length of meetings and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Charter as the Committee deems appropriate.

VI. INVESTIGATIONS AND STUDIES

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting. The Proxy Statement and Annual Report are available at www.proxyvote.com.

**SIEBERT FINANCIAL CORP.
PROXY FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 3, 2008**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Daniel Iesu and Patricia L. Francy, and each of them, the proxies of the undersigned, with power of substitution to each of them to vote all shares of Siebert Financial Corp. which the undersigned is entitled to vote at the Annual Meeting of Shareholders of Siebert Financial Corp. to be held Tuesday, June 3, 2008, at 10:00 A.M., eastern daylight time, and at any adjournments thereof.

UNLESS OTHERWISE SPECIFIED IN THE SPACES PROVIDED, THE UNDERSIGNED'S VOTE WILL BE CAST FOR ALL NOMINEES LISTED IN ITEM (1).

Address Changes:

(If you noted any Address Changes above, please mark corresponding box on the reverse side.)

(Continued and to be signed and dated on the reverse side)
