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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2014**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission file number **0-5703**

Siebert Financial Corp.

(Exact Name of Registrant as Specified in its Charter)(Zip Code)

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

885 Third Avenue, New York, NY 10022
(Address of Principal Executive Offices)

(212) 644-2400
(Registrant'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 Securities 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 ☒ No ☐

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 the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☒

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

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 3, 2014, there were 22,085,126 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 report, 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; changes and prospects for changes in interest rates; 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 greater discounts on commissions than we do; the prevalence of a flat fee environment; decline in participation in corporate 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

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash and cash equivalents	$ 13,805,000	$ 15,424,000
Cash equivalents – restricted	1,532,000	1,532,000
Receivable from brokers	1,128,000	1,105,000
Securities owned, at fair value	394,000	406,000
Furniture, equipment and leasehold improvements, net	633,000	712,000
Investment in and advances to affiliates	8,419,000	8,022,000
Prepaid expenses and other assets	674,000	751,000
Intangibles, net	13,000	18,000
	$ 26,598,000	$ 27,970,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	$ 7,538,000	$ 2,861,000
Contingencies (Note 9)		
Stockholders' equity:		
Common stock, $.01 par value; 49,000,000 shares authorized, 23,211,846 shares issued, and 22,085,126 shares outstanding at June 30, 2014 and December 31, 2013	232,000	232,000
Additional paid-in capital	19,490,000	19,490,000
Retained earnings	4,098,000	10,147,000
Less: 1,126,720 shares of treasury stock, at cost at June 30, 2014 and December 31, 2013	(4,760,000)	(4,760,000)
	19,060,000	25,109,000
	$ 26,598,000	$ 27,970,000

See notes to condensed consolidated financial statements.

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

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues:				
Commissions and fees	$ 2,637,000	$ 2,904,000	$ 5,617,000	$ 5,889,000
Investment banking	710,000	751,000	1,145,000	1,481,000
Trading profits	343,000	607,000	632,000	1,142,000
Interest and dividends	15,000	16,000	29,000	32,000
	3,705,000	4,278,000	7,423,000	8,544,000
Expenses:				
Employee compensation and benefits	1,982,000	2,249,000	3,933,000	4,508,000
Clearing fees, including floor brokerage	453,000	675,000	975,000	1,259,000
Professional fees	1,572,000	1,109,000	2,335,000	1,953,000
Loss related to arbitration settlement	4,300,000		4,300,000	
Advertising and promotion	52,000	76,000	122,000	175,000
Communications	252,000	328,000	522,000	675,000
Occupancy	209,000	259,000	452,000	516,000
Other general and administrative	630,000	558,000	1,227,000	1,109,000
	9,450,000	5,254,000	13,866,000	10,195,000
(Loss) income from equity investees	(332,000)	(377,000)	394,000	(1,071,000)
Net (loss)	(6,077,000)	(1,353,000)	(6,049,000)	(2,722,000)
Net (loss) per share of common stock - Basic and Diluted	($ .28)	($ .06)	($ .27)	($ .12)
Weighted average shares outstanding - Basic and Diluted	22,085,126	22,085,830	22,085,126	22,089,555

See notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash flows from operating activities:		
Net (loss)	(6,049,000)	(2,722,000)
Adjustments to reconcile net (loss) to net cash (used in) / provided by operating activities:		
Depreciation and amortization	180,000	63,000
(Income) / loss from equity investees	(394,000)	1,071,000
Distribution from equity investees	9,000	1,216,000
Changes in:		
Securities owned, at fair value	12,000	(79,000)
Receivable from brokers	(23,000)	956,000
Prepaid expenses and other assets	77,000	80,000
Accounts payable and accrued liabilities	4,677,000	52,000
Net cash (used in) / provided by operating activities	(1,511,000)	637,000
Cash flows from investing activities:		
Purchase of furniture, equipment and leasehold improvements	(96,000)	(50,000)
Payment of advances made to equity investees	(12,000)	(66,000)
Net cash used in investing activities	(108,000)	(116,000)
Cash flows from financing activities:		
Purchase of treasury shares	—	(19,000)
Net cash used in financing activities	—	(19,000)
Net (decrease) increase in cash and cash equivalents	(1,619,000)	502,000
Cash and cash equivalents - beginning of period	15,424,000	18,902,000
Cash and cash equivalents - end of period	13,805,000	19,404,000
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	$ 40,000	$ 29,000

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
Six Months Ended June 30, 2014 and 2013
(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%, respectively, are accounted for by the equity method and included in investment in and advances to affiliates in the consolidated statements of financial condition.

The condensed consolidated financial statements presented herein are unaudited and include all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations of the interim periods pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America ("U.S.") have been condensed or omitted pursuant to the SEC rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The balance sheet at December 31, 2013 has been derived from the audited consolidated statement of financial condition at that date, but does not include all information and footnotes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2013. Because of the nature of the Company's business, the results of operations for the three and six months ended June 30, 2014 are not necessarily indicative of operating results for the full year.

2. Securities:

Securities owned are carried at fair value with realized and unrealized gains and losses reflected in trading profits. Siebert clears all its security transactions through 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.

3. Fair Value of Financial Instruments:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. 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. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly, and reasonably available.

Level 3 – Unobservable inputs which reflect the assumptions that management develops based on available information about the assumptions market participants would use in valuing the asset or liability.

The classification of financial instruments valued at fair value as of June 30, 2014, as follows:

Financial Instruments		Level 1
Cash equivalents	$	14,645,000
Securities		394,000
	$	15,039,000

Cash equivalents primarily represent investments in money market funds. Securities consist of common stock valued on the last business day of the period at the last available reported sales price on the primary securities exchange.

4. Per Share Data:

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average outstanding common shares during the period. Diluted earnings per share is calculated by dividing net income by the number of shares outstanding under the basic calculation and adding all dilutive securities, which consist of options. The Company incurred a net loss for the three and six months ended June 30, 2014 and June 30, 2013. Accordingly, basic and diluted net loss per common share are the same for each period as the effect of stock options is anti-dilutive. Shares underlying stock options not included in the diluted computation amounted to 265,000 in 2014 and 400,000 in 2013.

5. Net Capital:

Siebert is subject to the SEC'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 5% of aggregate debits. As of June 30, 2014, Siebert had net capital of approximately $6,693,000 as compared with net capital requirements of $250,000. Siebert claims exemptions from the reserve requirement under section 15c3-3(k)(2)(ii).

6. Revenue:

Commission revenues and related clearing expenses are recorded on a trade-date basis. Fees, consisting principally of revenue participation with the Company's clearing broker in distribution fees and interest are recorded as earned.

Investment banking revenue includes gains and fees, net of syndicate expenses, arising from underwriting syndicates in which the Company participates. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Trading profits are also recorded on a trade-date basis and principally represent riskless principal transactions in which the Company, after receiving an order, buys or sells securities as principal and at the same time sells or buys the securities with a markup or markdown to satisfy the order.

Interest is recorded on an accrual basis and dividends are recorded on the ex-dividend date.

7. **Capital Transactions:**

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. The Company did not purchase any shares during the three and six months ended June 30, 2014.

During the six months ended June 30, 2014, 25,000 employee stock options expired in June 2014 with an exercise price of $4.04, and 60,000 stock options were cancelled in January 2014 at an exercise price of $3.05 with the passing of Director Leonard M. Leiman . At June 30, 2014, there are 265,000 outstanding options at a weighted average exercise price of $3.02, which were fully vested and exercisable. As of June 30, 2014, there were no unrecognized compensation costs.

8. **Investment in and advances to affiliates:**

Siebert, Brandford, Shank & Co., L.L.C. (“SBS”)

Siebert holds a 49% ownership interest in SBS which is engaged in municipal bond underwritings. Income or loss from SBS is considered to be integral to Siebert’s operations and material to its results of operations.

Summarized financial data of SBS is set forth below.

	June 30, 2014	June 30, 2013
Total assets, including secured demand note of $1,200,000 due from Siebert	$ 22,413,000	
Total liabilities, including subordinated liabilities of $1,200,000 due to Siebert	5,705,000	
Total members’ capital	16,708,000	
Regulatory minimum net capital requirement	250,000	
Six months ended:		
Total revenues	12,384,000	$ 9,028,000
Net income (loss)	810,000	(1,941,000)
Three months ended:		
Total revenues	4,649,000	5,034,000
Net (loss)	(671,000)	(713,000)

Siebert charged SBS $50,000 for each of the six months ended June 30, 2014 and 2013, and $25,000 for each of the three months ended June 30, 2014 and 2013, respectively, for general and administrative services, which Siebert believes approximates the cost of furnishing such services.

Siebert’s share of net (loss) income for the three months ended June 30, 2014 and June 30, 2013 amounted to ($329,000) and ($349,000), respectively, and for the six months ended June 30, 2014 and June 30, 2013 amounted to $397,000 and ($951,000) , respectively.

Siebert received a distribution from SBS of $9,000 during the six months ended June 30, 2014, and Siebert’s share of undistributed earnings from SBS amounted to $7.8 million at June 30, 2014. 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 among Siebert and the principals of SBS and SBS’s continued compliance with its regulatory net capital requirements.

SBS Financial Products Company, LLC ("SBSFPC")

The Company has a 33.33% ownership interest in, and the two individual principals of SBS have an aggregate 66.66% ownership interest in, SBSFPC which engages in derivatives transactions related to the municipal underwriting business. As of June 30, 2014, SBSFPC'S operations were being phased out.

Summarized financial data of SBSFPC is set forth below.

	June 30, 2014	June 30, 2013
Total assets	558,000	
Total liabilities	—	
Total members' capital	558,000	
Six months ended:		
Total revenues	—	(208,000)*
Net loss	(11,000)	(360,000)
Three months ended:		
Total revenues	—	14,000
Net loss	(10,000)	(85,000)

*Negative balance was attributable to unrealized loss on derivative contracts.

The Company's share of net loss of SBSFPC for the three months ended June 30, 2014 and 2013 amounted to $3,000 and $28,000, respectively. The Company's share of net loss for the six months ended June 30, 2014 and 2013 amounted to $3,000 and $120,000, respectively.

During the quarter ended March 31, 2013, SBSFPC incurred a loss of $241,000 on the write down in value of the derivative contracts with the City of Detroit to adjust their carrying value to the carrying value of the derivative contracts with a financial institution. In July 2013, as a result of the filing of a bankruptcy petition by the City of Detroit, SBSFPC unwound certain derivative contracts with a financial institution pursuant to the terms of the contracts. The contracts were recorded as liabilities with a carrying value of $123,063,000. In connection therewith, SBSFPC assigned certain derivative contracts with the City of Detroit to the financial institution, which were recorded as assets with a carrying value of $123,063,000. No gain or loss was recognized by SBSFPC as a result of the unwinding and assignment of these derivative contracts and SBSFPC has no continuing obligations or rights with respect to the derivative contracts.

At June 30, 2014, SBSFPC had cumulative distributions in excess of cumulative earnings in the amount of $642,000, of which the Company's share was $214,000. The Company did not receive a distribution from SBSFPC during the six months ended June 30, 2014.

9. Contingencies and Commitments:

In July 2014, the Company entered into a settlement agreement with respect to a dispute with a former employee, which arose in a prior year. Pursuant to the settlement, the Company paid $4,300,000 to the former employee, and all claims and counterclaims have been dismissed and released. The accompanying financial statements as of and for the six months ended June 30, 2014 reflect a charge and related liability to give effect to the settlement.

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 customer 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 are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions for the six months ended June 30, 2014 and 2013.

Siebert is party to certain claims, suits and complaints arising in the ordinary course of business. In the opinion of management all such claims, suits and complaints are without merit, or involve amounts which would not have a material effect on the financial position or results of operations of the Company.

Siebert is party to a Secured Demand Note Collateral Agreement, as amended on July 29, 2013, with SBS which obligates Siebert to lend SBS, on a subordinated basis, up to $1,200,000. The secured demand note payable held by SBS and a related $1,200,000 receivable due from SBS are included in investments in and advances to equity investees in the accompanying consolidated statements of financial condition. Amounts that Siebert is obligated to lend under this arrangement are collateralized by cash equivalents of $1,532,000. Any amounts loaned will bear interest at 4% per annum and are repayable on August 31, 2015.

10. Income Taxes:

No tax benefit has been recognized for the loss in the 2014 and 2013 periods as the Company has provided a valuation allowance to fully reserve the related deferred tax asset as realization of such asset is not considered more likely than not due to cumulative losses incurred by the Company and its subsidiaries during the prior three years.

11. Related parties:

Effective September 16, 2013, one of the Principals having a 25.5% ownership in SBS and a 33.3% interest in SBSFPC became the Company's Chief Executive Officer.

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

This discussion should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2013, and the unaudited consolidated financial statements and the notes thereto contained elsewhere in this Quarterly Report.

Business Environment

Our working capital is invested primarily in money market funds, so that liquidity has not been materially affected. The financial crisis did have the effect of reducing participation in the securities market by our retail and institutional customers, which had an adverse effect on our revenues. The stock market has improved in the six months ended June 30, 2014, however our revenue has not improved during this period. Our affiliate, Siebert, Brandford, Shank & Co., L.L.C. ("SBS") had income for the current six months period of approximately $810,000 compared to a loss of $1.9 million for the same period last year. This resulted in income to the Company of $397,000 for the current six month period. Our expenses include the costs and loss related to an arbitration proceeding commenced by a former employee following the termination of his employment which was settled in July 2014. The costs of defense, which are included as professional expenses during 2014 and 2013 periods and related loss on settlement accrued for the three and six month periods ended June 30, 2014, have adversely affected the Company's result of operations. Competition in the brokerage industry remains intense.

The following table sets forth certain metrics as of June 30, 2014 and 2013 and for the three and six months ended June 30, 2014 and 2013, respectively, which we use in evaluating our business.

Retail Customer Activity:	For the Three Months ended June 30, 2014		2013	For the Six Months ended June 30, 2014		2013
Total retail trades:	67,102		84,242	147,884		166,224
Average commission per retail trade:	19.64	$	20.58	19.93	$	21.99

Retail customer balances:	As of June 30, 2014		2013
Retail customer net worth (in billions):	7.5	$	6.8
Retail customer money market fund value (in billions):	1.0	$	1.1
Retail customer margin debit balances (in millions):	251.3	$	204.8
Retail customer accounts with positions:	34,360		39,585

Description:

- Total retail trades represent retail trades that generate commissions.
- Average commission per retail trade represents the average commission generated for all types of retail customer trades.
- Retail customer net worth represents the total value of securities and cash in the retail customer accounts before deducting margin debits.
- Retail customer money market fund value represents all retail customers accounts invested in money market funds.
- Retail customer margin debits balances represent credit extended to our customers to finance their purchases against current positions.
- Retail customer accounts with positions represent retail customers with cash and/or securities in their accounts.

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 23, 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, in our discretion, in the open market and in private transactions. During the six months ended June 30, 2014, the Company did not purchase any shares.

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 receive the actual confirmations, invoices or other documentation. Estimates are also used in determining the useful lives of intangible assets, and the fair market value of intangible assets and securities. Our management believes that its estimates are reasonable.

Results of Operations

We had a net loss of $6,077,000 and $6,049,000 for the three months and six months ended June 30, 2014, respectively.

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

Total revenues for the three months ended June 30, 2014 were $3.7 million, a decrease of $573,000 or 13.4% from the same period in 2013.

Commission and fee income for the three months ended June 30, 2014 was $2.6 million, a decrease of $267,000 or 9.2% from the same period in 2013 primarily due to a decrease in retail customer trading and ticket average, commission recapture business, institutional participation, and debt market opportunities offset by an increase in margin debit rebates as a result of higher margin debit balances.

Investment banking revenues for the three months ended June 30, 2014 were $710,000, a decrease of $41,000 or 5.5% from the same period in 2013 due to our reduced participation in new issues in the equity and debt capital markets.

Trading profits were $343,000 for the three months ended June 30, 2014, a decrease of $264,000 or 43.5% from the same period in 2013 due to an overall decrease in trading volume primarily in the debt markets.

Interest and dividends for the three months ended June 30, 2014 were $15,000, a decrease of $1,000 or 6.3% from the same period in 2013 due to lower cash balances.

Total expenses for the three months ended June 30, 2014 were $9.4 million, an increase of $4.2 million or 79.9% from the same period in 2013.

Employee compensation and benefit costs for the three months ended June 30, 2014 were $2.0 million, a decrease $267,000 or 11.9% from the same period in 2013 due to a decrease in commission and bonus paid based on production in the capital markets and retail operations. In addition, savings resulted from a lower headcount in 2014.

Clearing and floor brokerage costs for the three months ended June 30, 2014 were $453,000, a decrease of $222,000 or 33.0% from the same period in 2013 primarily due to lower retail customer trading volumes, as well as a decrease in our commission recapture business.

Professional fees for the three months ended June 30, 2014, were $1.6 million, an increase of $463,000 or 41.7% from the same period in 2013 primarily due to increases in legal fees relating to a dispute with a former employee.

Loss related to arbitration settlement with a former employee for the three months ended June 30, 2014 amounted to $4.3 million.

Advertising and promotion expenses for the three months ended June 30, 2014 were $52,000, a decrease of $24,000 or 31.6% from the same period in 2013 due to a decrease in online advertising and public relations costs.

Communications expense for the three months ended June 30, 2014, was $252,000, a decrease of $76,000 or 23.2% from the same period in 2013 primarily due to a decrease in real time quotes given to customers, reduction of users on Nasdaq trading and compliance systems, and cost reduction due to a new phone system.

Occupancy costs for the three months ended June 30, 2014 were $209,000, a decrease of $50,000 or 19.3% from the same period in 2013 due to a decrease in our Jersey City office lease operating expenses, our New York lease expense and the closing of our West Palm beach office effective March 31, 2014.

Other general and administrative expenses for the three months ended June 30, 2014 were $630,000, an increase of $72,000 or 12.9% from the same period in 2013 due to an increase in depreciation from leasehold improvements recognized over the life of the NY office lease expiring January of 2017.

Income from Siebert's equity investment in SBS (an entity in which Siebert holds a 49% equity interest), for the three months ended June 30, 2014, was a loss of $329,000, compared to a loss of $349,000 from the same period in 2013 due to SBS participating in fewer senior managed and co-managed transactions. Loss from our equity investment in SBS Financial Products Company, LLC, an entity in which we hold a 33.33% equity interest ("SBSFPC") for the three months ended June 30, 2014, was $3,000 as compared to $28,000 for the same period in 2013. The losses in 2014 were due to operations winding down. In 2013 the loss was due to mark to market positions.

No tax benefit related to the pre-tax loss was recorded for the three months ended June 30, 2014 and June 30, 2013 due to the recording of a full valuation allowance to offset deferred tax assets based on recent losses and the likelihood of realization of such assets.

Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

Total revenues for the six months ended June 30, 2014 were $7.4 million, a decrease of $1.1 million or 13.1% from the same period in 2013.

Commission and fee income for the six months ended June 30, 2014 was $5.6 million, a decrease of $272,000 4.6% from the same period in 2013 due to a decrease in retail customer trading and ticket average, commission recapture business, institutional participation, and debt market opportunities offset by an increase in margin debit rebates as a result of higher margin debit balances.

Investment banking revenues for the six months ended June 30, 2014 were $1.1 million, a decrease of $336,000 or 22.7% from the same period in 2013 due to our reduced participation in new issues in the equity and debt capital markets.

Trading profits were $632,000 for the six months ended June 30, 2014, a decrease of $510,000 or 44.7% from the same period in 2013 due to an overall decrease in trading volume in the debt markets.

Interest and dividends for the six months ended June 30, 2014 were $29,000, a decrease of $3,000 or 9.4% from the same period in 2013 primarily due to lower cash balances.

Total expenses for the six months ended June 30, 2014 were $13.9 million, an increase of $3.7 million or 36.0% from the same period in 2013.

Employee compensation and benefit costs for the six months ended June 30, 2014 were $3.9 million, a decrease of $575,000 or 12.8% from the same period in 2013 due to a decrease in Bonus and commissions paid based on production in the capital markets. In addition, savings resulted from a lower headcount in 2014.

Clearing and floor brokerage costs for the six months ended June 30, 2014 were $975,000 a decrease of $284,000 or 22.6% from the same period in 2013 primarily due to lower retail customer trading volumes, as well as a decrease in our commission recapture business.

Professional fees for the six months ended June 30, 2014 were $2.3 million, an increase of $382,000 or 19.6% from the same period in 2013 primarily due to increases in legal fees relating to a dispute with a former employee.

Loss related to arbitration settlement with a former employee for the six months ended June 30, 2014 amounted to $4.3 million.

Advertising and promotion expenses for the six months ended June 30, 2014 were $122,000, a decrease of $53,000 or 30.3% from the same period in 2013 primarily due to a decrease in online advertising and public relations costs.

Communications expense for the six months ended June 30, 2014 were $522,000, a decrease of $153,000 or 22.7% from the same period in 2013 primarily due to a decrease in real time quotes given to customers, reduction of users on Nasdaq trading and compliance systems, and cost reduction due to a new phone system.

Occupancy costs for the six months ended June 30, 2014 were $452,000, a decrease of $64,000 or 12.4% from the same period in 2013 due to a decrease in our Jersey City office lease operating expenses, our New York lease expense and the closing of our West Palm beach office effective March 31, 2014.

Other general and administrative expenses for the six months ended June 30, 2014 were $1.2 million, an increase of $118,000 or 10.6% from the same period in 2013 due to an increase in depreciation from leasehold improvements written off over the life of the NY office lease expiring January of 2017.

Income from Siebert’s equity investment in SBS (an entity in which Siebert holds a 49% equity interest), for the six months ended June 30, 2014, was income of $397,000, compared to a loss of $951,000 from the same period in 2013 due to SBS participating in more senior managed and co-managed transactions. Loss from our equity investment in SBSFPC, an entity in which we hold a 33.33% equity interest, for the six months ended June 30, 2014, was a loss $3,000 as compared to a loss of $120,000 from the same period in 2013. The losses in 2014 were the result of winding down operations. In 2013 the loss was due to mark to market positions.

No tax benefit related to the pre-tax loss was recorded for the six months ended June 30, 2014 and June 30, 2013 due to the recording of a full valuation allowance to offset deferred tax assets based on recent losses and the likelihood of realization of such assets.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash in money market funds. Our total assets at June 30, 2014 were $26.6 million. As of that date, we regarded $13.8 million, or 52%, of total assets as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At June 30, 2014, Siebert's regulatory net capital was $6.7 million, $6.4 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 six months ended June 30, 2014, no shares were purchased.

Siebert has entered into a Secured Demand Note Collateral Agreement with SBS under which Siebert is obligated to lend to SBS up to $1.2 million on a subordinated basis collateralized by cash equivalents of approximately $1.5 million as of June 30, 2014. Amounts obligated to be loaned 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, 2015 at which time SBS is obligated to repay to Siebert any amounts borrowed by SBS thereunder.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Working capital is generally invested temporarily in dollar denominated money market funds. These investments are not subject to material changes in value due to interest rate movements.

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. There were no material losses for unsettled customer transaction as of June 30, 2014.

Item 4. 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 Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange of 1934, as amended. Based on that evaluation, our management, including the 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 timely disclosure.

There were no changes in our internal control 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.

In July 2014, the Company entered into a settlement agreement with respect to a dispute with a former employee, which arose in a prior year. Pursuant to the settlement, the Company paid $4,300,000 to the former employee, and all claims and counterclaims have been dismissed and released.

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, 2013, 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, 2013.

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. There is no expiration date for our stock repurchase plan.

We did not purchase shares in the second quarter of 2014.

Issuer Purchases Of Equity Securities

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under The Plans or Programs
April 2014			129,137	170,863
May 2014			129,137	170,863
June 2014			129,137	170,863
Total			129,137	170,863

Item 6. Exhibits

31.1 Certification of Suzanne Shank pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), 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(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Suzanne Shank 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: *<u>/s/ Suzanne Shank</u>*
Suzanne Shank
Acting Chief Executive Officer
(Principal executive officer)

Dated: August 14, 2014

By: *<u>/s/ Joseph M. Ramos, Jr.</u>*
Joseph M. Ramos, Jr.
Executive Vice President, Chief Operating Officer,
Chief Financial Officer and Secretary
(Principal financial and accounting officer)

Dated: August 14, 2014

Exhibit 31.1

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Suzanne Shank, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Siebert Financial Corp.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

By: */s/ Suzanne Shank*
Suzanne Shank
Acting Chief Executive Officer (Principal executive officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph M. Ramos, Jr., certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Siebert Financial Corp.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

By: */s/ Joseph M. Ramos, Jr.*
Joseph M. Ramos, Jr.
Executive Vice President, Chief Operating Officer,
Chief Financial Officer and Secretary
(Principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Siebert Financial Corp. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Suzanne Shank, in my capacity as Chairwoman and President of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and the results of operations of the Company for the period covered by the Report.

/s/ Suzanne Shank
Suzanne Shank
Acting Chief Executive Officer
(Principal executive officer)

Dated: August 14, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Siebert Financial Corp. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph M. Ramos, Jr., in my capacity as Executive Vice President and Chief Financial Officer of the Company, Executive Vice President and Chief *Operations Officer, And Secretary hereby* certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and the results of operations of the Company for the period covered by the Report.

/s/ Joseph M. Ramos, Jr.
Joseph M. Ramos, Jr.
Executive Vice President, Chief Operating Officer,
Chief Financial Officer and Secretary
(Principal financial and accounting officer)

Dated: August 14, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.