UNITED DEFENSE INDUSTRIES INC
Form 10-Q
April 28, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2005

o **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: 001-16821

UNITED DEFENSE INDUSTRIES, INC.

(Exact Name of Registrant as Specified in its charter)

Delaware	**52-2059782**
(State or other jurisdiction of incorporation)	*(IRS Employer Identification No.)*
1525 Wilson Boulevard, Suite 700 **Arlington, Virginia**	**22209-2411**
(Address of Principal Executive Offices)	*(Zip Code)*

(703) 312-6100

(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 þ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes þ No o

At April 15, 2005 there were 50,848,293 shares outstanding of the Registrant s common stock, par value $.01 per share.

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UNITED DEFENSE INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2004	March 31, 2005
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 307,258	$ 287,375
Trade receivables, net	202,980	187,444
Long-term contract inventories	324,937	336,936
Other current assets	34,029	32,647
Total current assets	869,204	844,402
Property, plant and equipment, net	199,507	200,313
Goodwill, net	355,653	358,137
Intangible assets, net	9,956	9,757
Prepaid pension and postretirement benefit cost	120,459	118,451
Restricted cash	13,201	12,404
Other assets	33,594	33,188
Total assets	$ 1,601,574	$ 1,576,652
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 52,043	$ 52,043
Accounts payable, trade and other	132,480	116,102
Advanced payments	372,889	367,388
Current tax liability	25,159	12,660
Deferred tax liability, net	20,000	20,499
Accrued and other liabilities	170,164	158,523
Total current liabilities	772,735	727,215
Long-term liabilities:		
Long-term debt, net of current portion	472,904	459,894
Accrued pension and postretirement benefit cost	46,317	45,945
Deferred tax liability	5,166	4,923
Other liabilities	78,336	79,674
Total liabilities	1,375,458	1,317,651
Commitments and contingencies		
Stockholders equity:		
Common stock $.01 par value, 150,000,000 shares authorized; 53,103,539 and 50,611,739 issued and outstanding at December 31, 2004; 53,338,426 and 50,846,626 issued and outstanding, respectively, at	506	508

March 31, 2005				
Additional paid-in-capital		198,083		213,525
Deferred compensation		(3,322)		(10,208)
Retained earnings		27,834		54,165
Accumulated other comprehensive gain		3,015		1,011
Total stockholders equity		226,116		259,001
Total liabilities and stockholders equity	$	1,601,574	$	1,576,652

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three months ended March 31,	
	2004	**2005**
Sales	$ 547,077	$ 544,060
Costs and expenses:		
Cost of sales	435,087	437,442
Selling, general and administrative expenses	38,759	40,586
Merger related expenses		4,054
Research and development	6,553	4,743
Total expenses	480,399	486,825
Income from operations	66,678	57,235
Other income (expense):		
Earnings related to investments in foreign affiliates	5,816	
Interest income	973	1,822
Interest expense	(6,454)	(6,683)
Total other income (expense)	335	(4,861)
Income before income taxes	67,013	52,374
Provision for income taxes	25,130	19,677
Net income	$ 41,883	$ 32,697
Earnings per common share-basic	$ 0.80	$ 0.64
Weighted average common shares outstanding	52,400	50,752
Earnings per common share-diluted	$ 0.78	$ 0.63
Weighted average common shares outstanding	53,368	51,889

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.
UNAUDITED CONSOLIDATED STATEMENTS
OF CHANGES IN STOCKHOLDERS EQUITY
(In thousands)

	Common Stock	Additional Paid-In Capital	Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive (Loss)/Gain	Total
Balance, December 31, 2004	$ 506	$ 198,083	$ (3,322)	$ 27,834	$ 3,015	$ 226,116
Issuance of restricted stock awards		7,558	(7,558)			
Amortization of deferred stock compensation			672			672
Exercise of stock options	2	5,097				5,099
Tax benefit from stock options		2,787				2,787
Cash dividend ($0.125 per share)				(6,366)		(6,366)
Net foreign currency translation					(1,182)	(1,182)
Change in fair value of foreign currency and interest rate hedges, net of tax					(763)	(763)
Change in unrealized appreciation on investment					(59)	(59)
Minimum pension liability, net of tax						
Net income for the three months ended March 31, 2005				32,697		32,697
Total comprehensive income						30,693
Balance, March 31, 2005	$ 508	$ 213,525	$ (10,208)	$ 54,165	$ 1,011	$ 259,001

See accompanying notes.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three months ended March 31, 2004	Three months ended March 31, 2005
Operating activities		
Net income	$ 41,883	$ 32,697
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	6,754	6,758
Amortization of software	1,221	735
Amortization of other intangibles	1,720	1,598
Amortization of financing costs	759	555
Deferred tax provision	2,336	416
Changes in operating assets and liabilities, net of effect of acquisitions		
Trade receivables	(54,399)	14,780
Inventories	30,288	(10,692)
Other assets	19,940	2,772
Prepaid pension and postretirement benefit cost	1,561	2,008
Accounts payable, trade and other	(24,615)	(15,086)
Advanced payments	1,861	(5,046)
Current tax liability		(12,532)
Accrued and other liabilities	7,286	(8,184)
Accrued pension and postretirement benefit cost	(3,686)	629
Cash provided by operating activities	32,909	11,408
Investing activities		
Capital expenditures	(5,056)	(6,534)
Purchase of Engineered Plastic Designs, Inc., net of $0.2 million cash acquired		(7,997)
Purchase of Kaiser Compositek, Cercom and Hawaii Shipyards	(45,766)	
Cash used in investing activities	(50,822)	(14,531)
Financing activities		
Payments on long-term debt	(13,010)	(13,010)
Proceeds from sale of common stock	3,290	5,099
Dividend payment		(6,366)
Cash used in financing activities	(9,720)	(14,277)
Effect of exchange rate changes on cash	(2,688)	(2,483)
Decrease in cash and cash equivalents	(30,321)	(19,883)
Cash and cash equivalents, beginning of year	286,730	307,258
Cash and cash equivalents, end of period	$ 256,409	$ 287,375

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005

1. Basis of Presentation

The financial information presented as of any date other than December 31 has been prepared from the books and records without audit. Financial information as of December 31, 2004 presented in this quarterly report has been derived from the audited financial statements of United Defense Industries, Inc., but does not include all the associated annual disclosures required by generally accepted accounting principles. Certain amounts in prior period financial statements have been reclassified to conform to the current period presentation. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments (consisting of normal, recurring adjustments) necessary to present fairly our financial position as of March 31, 2005 and the results of operations for the three months ended March 31, 2004 and 2005 and cash flows for the three months ended March 31, 2004 and 2005. The results of operations are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. These unaudited consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2004.

2. Summary of Significant Accounting Principles

Revenue and Profit Recognition for Contracts-in-Progress

We use different techniques for estimating and recording revenues depending on the type and characteristics of the contract. Sales are recognized on most fixed-price production contracts when the risks and rewards of ownership have been transferred to the customer. For our DoD production contracts, those criteria are typically met when the manufacture of the product is completed and the customer has certified it as meeting the contract specifications and as having passed quality control tests. However, under recent Bradley and M113 production contracts, sales are not recognized until the vehicles are fielded to individual U.S. Army (Army) units, because it is at that point that the risks and rewards of ownership are stipulated to be transferred. Fielding a vehicle refers to the final deprocessing activity such as verifying proper running condition, installing on-board equipment, and obtaining certified customer acceptance at their site of operation. This contractual provision extends the period of time during which these vehicles are carried as inventory and may result in an uneven distribution of revenue from these contracts between periods.

For production contracts with foreign customers, sales are generally recorded upon shipment of products to the customer, which corresponds to when the risks and rewards of ownership transfer. Gross margin on each unit delivered or accepted is recognized, based on an estimate of the margin that will be realized over the life of the related contract. We evaluate estimates of gross margin on production contracts quarterly and recognize changes in estimates of gross margins during the period in which those changes are determined. Sales under fixed-price ship repair and maintenance contracts are recognized as work is performed. Under this method, contract costs are expensed as incurred and sales are recognized simultaneously based on the ratio of direct labor inputs and other costs incurred to date compared with estimated total direct labor inputs and total costs. Sales under cost reimbursement contracts for research, engineering, prototypes, ship repair and maintenance and certain other contracts are recorded as costs are incurred and include estimated base fees in the proportion that costs incurred to date bear to total estimated costs. Award fees are recorded as revenue when contracts are modified to incorporate the earned award fees. We charge any anticipated losses on a contract to operations as soon as those losses are determined.

Stock-Based Compensation

At March 31, 2005, we had a stock-based employee compensation plan, which is described more fully in our Form 10-K for the year ended December 31, 2004. We account for the plan under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Accordingly, we record compensation expense over the vesting period in our consolidated

UNITED DEFENSE INDUSTRIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

statements of operations if the option price is less than fair value of the common stock at the date an option is granted. Upon closing of our merger agreement with BAE Systems (See Note 13), all of the outstanding stock options and restricted shares will vest.

The following table illustrates the effect on net income and earnings per share if we had elected to apply the fair value recognition provisions of FASB Statement No. 123 (as amended by SFAS 148), Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Three months ended March 31,	
	2004	**2005**
	(In thousands, except per share data)	
Reported net income	$ 41,883	$ 32,697
Add back: Compensation expense recorded, net of related tax effects	162	419
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,708)	(1,396)
Pro forma net income	$ 40,337	$ 31,720
Earnings per share:		
Basic as reported	$ 0.80	$ 0.64
Basic pro forma	$ 0.77	$ 0.63
Diluted as reported	$ 0.78	$ 0.63
Diluted pro forma	$ 0.76	$ 0.61

Restricted Stock

On March 2, 2005, the Board of Directors authorized the issuance of up to 266,700 shares of restricted stock. A portion of the awards (133,350 shares) vest on the passage of time and become fully vested on December 31, 2007. Compensation expense for those awards was measured on the fair value of $56.68 per share at the date of grant and is being amortized over the vesting period. During the quarter ended March 31, 2005, compensation expense related to these restricted stock grants was approximately $0.7 million. The remaining 133,350 shares are performance based shares and vest if certain financial targets are achieved by December 31, 2007. Compensation expense for the performance based awards will be recorded only if it becomes probable that the performance targets will be met and the shares will vest. The expense will be measured periodically based on the fair value of shares at each reporting period until the number of shares to be issued becomes known. As of March 31, 2005 we have not recorded any compensation expense related to the performance based awards. The restricted shares require no payment from the recipient employee or director.

Stock Repurchase

In March 2004, the Board of Directors authorized the repurchase of up to $100 million of our common stock. The total number of shares repurchased under the plan as of December 31, 2004 was 2,491,800 at an aggregate cost of $92.7 million, before expenses. In January 2005, the Board of Directors authorized the repurchase of up to an additional $100 million shares of our common stock. During the first quarter of 2005, no additional UDI shares were repurchased.

UNITED DEFENSE INDUSTRIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Dividend

In January, 2005, the Board of Directors authorized a quarterly dividend payment of $0.125 per share, which commenced on March 1, 2005 to shareholders of record as of February 15, 2005. We paid a dividend of $6.4 million on March 1, 2005.

New Accounting Pronouncements

On October 13, 2004, the FASB reached a consensus on the effective date for SFAS No. 123R (SFAS 123R), Share-Based Payment. SFAS 123R requires us to measure compensation cost for all share-based payments at fair value for annual periods beginning after June 15, 2005. We are currently evaluating the requirements and impact of SFAS 123R on the Company s consolidated financial statements.

On October 22, 2004, the FASB issued two FASB Staff Positions (FSPs) regarding the accounting implications of the American Jobs Creation Act of 2004. We are currently evaluating the requirements and impact of FSP No. 109-1, Application of FASB Statement No. 109 Accounting for Income Taxes to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 . However, it is not expected to have a material effect on our effective tax rate. FSP No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 will not affect our consolidated financial statements.

3. Investments in Affiliated Companies

Our investment in our 51% owned foreign joint venture in Turkey, FNSS Savunma Sistemleri A.S. is accounted for using the equity method because we do not control it due to our partner s veto rights over most operating decisions, although we do have the ability to exercise influence over its operating and financial policies. Our share of the earnings from our investment in Turkey was $5.8 million and $0.0 for the three months ended March 31, 2004 and 2005, respectively. A dividend payment from FNSS in 2005 is unlikely. Since FNSS has completed its production contracts, its ability to pay dividends in future years is unclear. Consequently this deterioration in the outlook is viewed as other than temporary. We discontinued recognizing our share of the equity in earnings and wrote off our investment balance as of June 30, 2004.

The following table reports financial results from the joint venture in Turkey:

	Three months ended March 31,	
	2004	**2005**
	(In thousands)	
Sales	$ 51,607	$ 1,800
Cost of sales	24,235	1,038
Net income	11,405	(3,849)

4. Comprehensive Income

Comprehensive income was $41.5 million and $30.7 million for the three-month periods ended March 31, 2004 and 2005, respectively. Comprehensive income consists primarily of net income, net foreign currency translation adjustments, and fair value adjustments of foreign currency and interest rate hedges, net of taxes.

5. Long-term Debt

We have a credit facility with various banks that includes $900 million of term loan facilities and a $200 million revolving credit facility. Outstanding borrowings on the term loan facilities were $511.9 million at March 31, 2005. The facilities bear interest at variable rates with a weighted average rate of 4.77% at

UNITED DEFENSE INDUSTRIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2005. These loans are due through 2009 and provide for quarterly principal and interest payments. Principal payments of $13.0 million were made during the first three months of 2005.

Outstanding borrowings under the credit facility are guaranteed by certain of our subsidiaries and are secured by a lien on our present and future tangible and intangible assets.

6. Pension and Other Post Retirement Benefits

At December 31, 2004, we revised the discount rate assumption used in the determination of net pension and post retirement costs and benefit obligations from 6.0% to 5.75%. On January 1, 2005 the rate of return assumption used for the actuarial estimates of these benefit programs was unchanged at 8.5%. Components of Net Periodic Benefit Cost for the three months ended March 31, 2004 and 2005 include:

	Pension Benefits	Other Benefits

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 amount 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. Our management believes that its estimates are reasonable.

Results of Operations

We had a net loss of $501,000 and $1,534,000 for the three months ended March 31, 2016 and 2015, respectively.

Total revenues for the three months ended March 31, 2016 were $2.5 million, a decrease of $126,000 or 4.8% from the same corresponding period in 2015.

Commission and fee income for the three months ended March 31, 2016 was $2.1 million, a decrease of $299,000 or 12.6% from the same corresponding period in 2015. Our retail commission ticket count was down 23.1%.

Investment banking revenues for the three months ended March 31, 2016 were $12,000, an increase of $4,000 or 50.0% from the same corresponding period in 2015. SIA advisory fees increased in 2016.

Trading profits were $265,000 for the three months ended March 31, 2016, an increase of $96,000 or 56.8% from the same corresponding period in 2015 due to an overall increase in customer trading volume in the debt markets.

Income from interest and dividends for the three months ended March 31, 2016 were $143,000, an increase of $73,000 or 104.3% from the same corresponding period primarily due to accrued interest on our receivable from business sold to affiliate, the sale of our equity interest to our former affiliate, offset by and reduction of interest from the expiration of a secured demand note with our former affiliate on August 31, 2015.

Total expenses for the three months ended March 31, 2016 were $3.0 million, a decrease of $415,000 or 12.2% from the same corresponding period in 2015.

Employee compensation and benefit costs for the three months ended March 31, 2016 was $1.3 million, a decrease of $135,000 or 9.5% from the same corresponding period in 2015 due to a lower head count and lower benefit expenses.

Clearing and floor brokerage costs for the three months ended March 31, 2016 were $238,000, a decrease of $163,000 or 40.6% from the same corresponding period in 2015 primarily due to lower retail customer trading volumes.

Professional fees were $670,000 for the three months ended March 31, 2016, a decrease of $89,000, or 11.7% from the same corresponding period in 2015 primarily due to a decrease in legal fees.

Advertising and promotion expenses for the three months ended March 31, 2016 were $66,000, an increase of $2,000 or 3.1% from the same corresponding period in 2015 due to an increase in social media advertising.

Communications expense for the three months ended March 31, 2016 was $130,000, a decrease of $29,000 or 18.2% from the same corresponding period in 2015 primarily due to savings in communication and line charges with our new phone vendor.

Occupancy costs for the three months ended March 31, 2016 were $182,000, a decrease of $21,000 or 10.3% from the same corresponding period in 2015 due to our Jersey City branch closing on June 30, 2015.

Other general and administrative expenses were $426,000, an increase of $20,000 or 4.9% from the same corresponding period in 2015 due to an increase in transportation, use tax and a reduction in general and administrative services billed to our former affiliate.

Siebert's equity investment in SBSF for the three months ended March 31, 2016 was $0, compared to a loss of $744,000 from the same corresponding period in 2015 due to the sale of our 49% equity interest in SBSF back to SBSF on November 9, 2015.

No tax benefit related to the pre-tax loss was recorded for the three months ended March 31, 2016 and March 31, 2015 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.

Discontinued Operations - Loss from our equity investment in SBSF, an entity which Siebert sold its 49% equity interest to on November 9, 2015, for the three months ended March 31, 2015 was $744,000 which represents share of loss from former affiliate.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash, money market funds and commercial paper. Our total assets at March 31, 2016 were $16.7 million. As of that date, $8.6 million, or 51.8%, of our total assets were regarded by us as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At March 31, 2016, Siebert's regulatory net capital was approximately $8.0 million, approximately $7.7 million in excess of its minimum capital requirement of $250,000.

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. The Company did not purchase shares in the first quarter of 2016.

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 counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions as of March 31, 2016.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including our 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 Act of 1934, as amended. Based on that evaluation, our management, including the 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 Financial Officer, to allow timely decisions regarding timely disclosure.

There were no changes in our internal control over financial reporting during the most recently completed 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

In December 2015, a current employee of Siebert commenced an arbitration before FINRA against Siebert, alleging a single cause of action for employment retaliation under the Sarbanes-Oxley Act of 2002. In February 2016, the employee amended his claim to replace the Sarbanes-Oxley claim with a substantially identical claim arising under the Dodd-Frank Act of 2010. In the opinion of management, this matter is without merit, and its ultimate outcome will not have a significant effect on the financial position of the Company.

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

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, 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, 2015.

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

On January 23, 2008, our Board of Directors authorized the repurchase of up to 300,000 shares of our common stock. Shares will be purchased from time to time, in our discretion, in the open market and in private transactions.

We did not purchase shares in the first quarter of 2016.

A summary of our repurchase activity for the three months ended March 31, 2016 is as follows:

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**
January 2016			129,137	170,863
February 2016			129,137	170,863
March 2016			129,137	170,863
Total			129,137	170,863

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SIGNATURES

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

SIEBERT FINANCIAL CORP.

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

Dated: May 16, 2016

Item 6. Exhibits

31.1 Certification of Joseph M. Ramos, Jr 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.

32.1 Certification of Joseph M. Ramos, Jr of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002.