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As filed with the Securities and Exchange Commission on January 21, 2005 Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

LADENBURG THALMANN FINANCIAL SERVICES INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida	65-0701248
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

590 Madison Avenue, 34th Floor
New York, NY 10022
(212) 409-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Charles I. Johnston, President and Chief Executive Officer
Ladenburg Thalmann Financial Services Inc.
590 Madison Avenue, 34th Floor
New York, NY 10022
(212) 409-2000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

David Alan Miller, Esq.
Graubard Miller
600 Third Avenue
New York, New York 10016
(212) 818-8800
(212) 818-8881 – Facsimile

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, other than securities offered only in connection with dividend or interest reinvestment

plans, check the following box. þ

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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Calculation of Registration Fee				
Title of Shares to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share(2)**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee**
Common stock, par value $0.0001 per share(3)	51,542,588	$ 0.51	$ 26,286,719.88	$ 3,093.95
Common stock, par value $0.0001 per share(4)	22,222,222	$ 0.51	$ 11,333,333.22	$ 1,333.94
TOTAL FEE				$ 4,427.89

(1) Pursuant to Rule 416, there are also being registered additional shares of common stock which may be issued or distributed as a result of a dividend, stock split or other distribution with respect to the shares of common stock registered in this registration statement.

(2) Estimated solely for the purpose of calculating the amount of the registration fee, based upon the average of the high and low prices of the common stock as reported by The American Stock Exchange on January 19, 2004, in accordance with Rule 457(c) of the Securities Act of 1933.

(3) Represents shares of common stock to be sold from time to time for the account of several entities. These shares are issuable by us on or about the fourth day following the effectiveness of this Registration Statement pursuant to the Amended and Restated Debt Conversion Agreement between the Registrant, New Valley Corporation, Frost-Nevada Investments Trust and certain other parties.

(4) Represents shares of common stock to be sold from time to time for the account of several individuals and entities. These shares are issuable by us on or about the fourth day following the effectiveness of this Registration Statement pursuant to the Amended and Restated Debt Conversion Agreement between the Registrant, New Valley Corporation, Frost-Nevada Investments Trust and certain other parties and the binding subscription agreements entered into between the investors and the Registrant in our January 2005 private placement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. None of the selling shareholders may sell these securities under this prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus
Subject to Completion, January 21, 2005

LADENBURG THALMANN FINANCIAL SERVICES INC.

73,764,810 shares of common stock

This prospectus relates to 73,764,810 shares of our common stock that may be offered for resale for the account of the selling shareholders set forth in this prospectus under the heading "Selling Shareholders" beginning on page 15. The selling shareholders may sell these shares in a variety of transactions as described under the heading "Plan of Distribution" beginning on page 17.

Our common stock is traded on the American Stock Exchange under the symbol "LTS." On January 19, 2005, the last reported sale price of our common stock was $0.51.

We will not receive any proceeds from the sale of the shares covered by this prospectus. However, we will immediately retire, without the payment of additional consideration, the $18,010,000 principal and $4,585,832 accrued interest attributable to the senior convertible promissory notes that are being converted into 51,542,588 shares of common stock.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 5 for a discussion of information that should be considered in connection with an investment in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____ __, 2005

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The selling shareholders are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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PROSPECTUS SUMMARY

We are engaged in retail and institutional securities brokerage, investment banking services and investment activities through our principal operating subsidiary, Ladenburg Thalmann & Co. Inc. We are committed to establishing a significant presence in the financial services industry by meeting the varying investment needs of our corporate, institutional and retail clients.

Ladenburg Thalmann & Co. is a full service broker-dealer that has been a member of the New York Stock Exchange since 1879. It provides its services principally for middle market and emerging growth companies and high net worth individuals through a coordinated effort among corporate finance, capital markets, investment management, brokerage and trading professionals. Ladenburg is subject to regulation by, among others, the Securities and Exchange Commission, the NYSE and the National Association of Securities Dealers, Inc. and is a member of the Securities Investor Protection Corporation. Its private client services and institutional sales departments serve approximately 70,000 accounts nationwide and its asset management area provides investment management and financial planning services to numerous individuals and institutions.

Annual Meeting of Shareholders

On January 12, 2005, we held our annual meeting of shareholders. At the meeting, our shareholders voted to approve the Amended and Restated Debt Conversion Agreement and a private placement by us of shares of our common stock at $0.45 per share raising gross proceeds of up to $20,000,000. A condition to issuing the shares of common stock pursuant to the Amended and Restated Debt Conversion Agreement and the private placement is this registration statement being declared effective by the Securities and Exchange Commission.

Amended and Restated Debt Conversion Agreement

Pursuant to the Amended and Restated Debt Conversion Agreement, New Valley Corporation and Frost-Nevada Investments Trust will convert the outstanding $18,010,000 aggregate principal amount of senior convertible promissory notes (and $4,585,832 aggregate outstanding accrued interest on such notes) into 19,787,970 and 31,754,618 shares of common stock respectively at conversion prices of $0.50 per share and $0.40 per share, respectively.

Private Placement

In order to improve our financial position, we have obtained the binding commitments from each of New Valley and Frost-Nevada to purchase $5,000,000 of our common stock at $0.45 per share. Payment for the shares will be made through a combination of cash and the cancellation of outstanding promissory notes held by New Valley and Frost-Nevada (currently $7,000,000) which are convertible into the offering in accordance with their terms.

As a result of the foregoing transactions, the net effect on our balance sheet will be an increase to shareholders' equity of approximately $22,596,000.

As there are no further conditions to the consummation of the Amended and Restated Debt Conversion Agreement and the private placement that is within the control of New Valley, Frost-Nevada and the investors in the private placement, the shares of common stock to be issued pursuant to the foregoing transactions will be issued on or about the fourth day following the effectiveness of this registration statement.

Corporate History

We were incorporated under the laws of the State of Florida in February 1996. Ladenburg Thalmann & Co. was incorporated under the laws of the State of Delaware in December 1971 and became our wholly owned subsidiary in May 2001. Our principal executive offices, as well as those of Ladenburg Thalmann & Co., are located at 590 Madison Avenue, New York, New York 10022 and both of our telephone numbers are (212) 409-2000. Ladenburg Thalmann & Co. has currently branch offices located in Melville, New York, Boca Raton, Florida, Los Angeles, California, New York, New York and Irvine, California. Ladenburg Thalmann & Co. maintains a website located at www.ladenburg.com.

RISK FACTORS

You should carefully consider the risks described below before you decide to invest in our company. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently believe are immaterial may also impair our business operations. Our business, financial condition or results of operation could be materially adversely affected by any of these risks. The trading price of our common stock could decline because of any one of these risks, and you may lose all or part of your investment.

We have incurred, and may continue to incur, significant operating losses.

We incurred significant losses from operations during each of the past three years. We cannot assure you that we will be able to achieve or sustain revenue growth, profitability or positive cash flow on either a quarterly or annual basis or that profitability, if achieved, will be sustained. If we are unable to achieve or sustain profitability, we may not be financially viable in the future and may have to curtail, suspend or cease additional operations.

If we are unable to repay our outstanding indebtedness obligations when due, our operations may be materially adversely affected.

Currently, not including the principal and accrued interest owed on our senior convertible promissory notes which the holders have agreed to convert into common stock, we have an aggregate of approximately $13.3 million of indebtedness (of which $7,000,000 may be cancelled in connection with the private financing). We cannot assure you that our operations will generate funds sufficient to repay our existing debt obligations as they come due. Our failure to repay our indebtedness and make interest payments as required by our debt obligations could have a material adverse affect on our operations.

We are currently subject to extensive securities regulation and the failure to comply with these regulations could subject us to penalties or sanctions.

The securities industry and our business is subject to extensive regulation by the SEC, state securities regulators and other governmental regulatory authorities. We are also regulated by industry self-regulatory organizations, including the NYSE, the NASD and the Municipal Securities Rulemaking Board. The regulatory environment is also subject to change and we may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other federal or state governmental regulatory authorities, or self-regulatory organizations. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

Ladenburg Thalmann & Co. is a registered broker-dealer with the SEC and a member firm of the NYSE. Broker-dealers are subject to regulations which cover all aspects of the securities business, including:

- sales methods and supervision;
- trading practices among broker-dealers;
- use and safekeeping of customers' funds and securities;
- capital structure of securities firms;

- record keeping; and
- the conduct of directors, officers and employees.

Compliance with many of the regulations applicable to us involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by these regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements. Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally the NASD Regulation, Inc., the regulatory arm of the NASD, and the NYSE, which are our primary regulatory agencies. NASD Regulation and the NYSE adopt rules, subject to approval by the SEC, that govern its members and conducts periodic examinations of member firms' operations.

If we are found to have violated any applicable regulation, formal administrative or judicial proceedings may be initiated against us that may result in:

- censure;
- fine;
- civil penalties, including treble damages in the case of insider trading violations;
- the issuance of cease-and-desist orders;
- the deregistration or suspension of our broker-dealer activities;
- the suspension or disqualification of our officers or employees; or
- other adverse consequences.

The imposition of any of these or other penalties could have a material adverse effect on our operating results and financial condition.

In May 2004, the NASD contacted Ladenburg Thalmann & Co. regarding an informal investigation into past activities by it, Ladenburg Capital Management Inc., one of our former operating subsidiaries, and certain of their employees involving potential violations of NASD Rule 2440 and NASD Interpretive Memorandum 2440(c)(5) relating to fair prices and commissions. On September 15, 2004, Ladenburg Thalmann & Co. received a "Wells Letter" from the staff of the NASD. The Wells Letter stated that the staff of the NASD intends to recommend that disciplinary action be brought against Ladenburg Thalmann & Co. for violating certain conduct rules of the NASD, including NASD Conduct Rule 2440 and NASD Interpretive Memorandum 2440(c)(5) relating to fair prices and commissions, and Section 10(b) of the Securities Exchange Act of 1934, as amended. The NASD previously delivered similar Wells Letters to five employees of Ladenburg Thalmann & Co. generally alleging violations by them of the same NASD and SEC rules. Ladenburg Thalmann & Co. is seeking a resolution of these matters, although there is no assurance that such resolution can be reached or that the ultimate impact on us will not be material. If we are forced to pay significant damages with respect to this investigation, or if any of our key employees are suspended or disqualified from practicing in the securities industry for a substantial period of time, it could have a material adverse effect on our operations and financial condition.

We may incur significant losses from trading and investment activities due to market fluctuations and volatility.

We generally maintain trading and investment positions in the equity markets. To the extent that we own assets, i.e., have long positions, in those markets, a downturn in those markets could result in losses from a decline in the value of those long positions. Conversely, to the extent that we have sold assets that we do not own, i.e., have short positions, in any of those markets, an upturn in those markets could expose us to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market.

We may from time to time have a trading strategy consisting of holding a long position in one security and a short position in another security from which we expect to earn revenues based on changes in the relative value of the two securities. If, however, the relative value of the two securities changes in a direction or manner that we did not anticipate or against which we are not hedged, we might realize a loss in those paired positions. In addition, we maintain trading positions that can be adversely affected by the level of volatility in the financial markets, i.e., the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.

We may need to raise additional funds in the near future.

As of September 30, 2004, we had cash and cash equivalents of approximately $1,523,000. Our capital requirements continue to be adversely affected by our inability to generate cash from operations and we have been forced to rely on borrowings in order to generate working capital for our operations. We continually review our liquidity and capital base to ensure that it can support our estimated needs for our business units. Following consummation of the Amended and Restated Debt Conversion Agreement and the $10 million investment in the private financing, we believe we will have sufficient capital to last us for at least the next twenty-four months. However, due to the nature of our business, we cannot be certain that these funds will last for such period of time. In such a case, if we continue to be unable to generate sufficient cash from operations, we will need to raise additional capital to support our liquidity and capital base. In such event, we would seek to raise additional capital through other available sources, including through equity offerings or borrowing additional funds on a short-term basis from third parties, including our current debtholders, shareholders and clearing broker. If we continue to be unable to generate cash from operations and are unable to find sources of funding, it would have an adverse impact on our liquidity and operations and we may be unable to continue as a going concern.

Our expenses may increase due to unresolved real estate commitments.

Ladenburg Capital Management may have potential liability under a terminated lease for office space in New York City which it was forced to vacate during 2001 due to the events of September 11, 2001. Ladenburg Capital Management no longer occupies the space and believes it has no further lease obligation pursuant to the terms of the lease. This lease, which, had it not terminated as a result of the events of September 11, 2001, would have expired by its terms in March 2010, provides for future minimum payments aggregating approximately $3,867,000 at September 30, 2004, payable $176,000 in 2004, $703,000 per year from 2005 through 2008 and $879,000 thereafter. Ladenburg Capital Management is currently in litigation with the landlord in which it is seeking judicial determination of the termination of the lease. However, the lawsuit has been stayed due to the landlord's bankruptcy filing. If Ladenburg Capital Management is not successful in this litigation, it plans to sublease the property. Ladenburg Capital Management has provided for estimated costs in connection with this lease and has recorded a liability at September 30, 2004. Additional costs may be incurred in connection with

terminating this lease, or if not terminated, to the extent of foregone rental income in the event Ladenburg Capital Management does not sublease the office space for an amount at least equal to the lease obligations. Such costs may have a material adverse effect on Ladenburg Capital Management's financial position and liquidity.

Our business could be adversely affected by a breakdown in the financial markets.

As a securities broker-dealer, our business is materially affected by conditions in the financial markets and economic conditions generally, both in the United States and elsewhere around the world. Many factors or events could lead to a breakdown in the financial markets including war, terrorism, natural catastrophes and other types of disasters. These types of events could cause people to begin to lose confidence in the financial markets and their ability to function effectively. If the financial markets are unable to effectively prepare for these types of events and ease public concern over their ability to function, our revenues are likely to decline and our operations will be adversely affected.

Our revenues may decline in adverse market or economic conditions.

During the past several years, unfavorable financial and economic conditions have reduced the number and size of the transactions in which we provide underwriting services, merger and acquisition consulting and other services. Our investment banking revenues, in the form of financial advisory and underwriting fees, are directly related to the number and size of the transactions in which we participate and therefore have been adversely affected by the sustained downturn in the securities markets. Additionally, the downturn in market conditions led to a decline in the volume of transactions that we executed for our customers and, therefore, to a decline in the revenues we received from commissions and spreads. If these adverse financial and economic conditions persist, we will incur a further decline in transactions and revenues that we receive from commissions and spreads.

We depend on our senior employees and the loss of their services could harm our business.

Our success is dependent in large part upon the services of several of our senior executives and employees, including those of Ladenburg Thalmann & Co. We do not maintain and do not intend to obtain key man insurance on the life of any executive or employee. If our senior executives or employees terminate their employment with us and we are unable to find suitable replacements in relatively short periods of time, our operations may be materially and adversely affected.

We face significant competition for professional employees.

From time to time, individuals we employ may choose to leave our company to pursue other opportunities. We have experienced losses of registered representatives, trading and investment banking professionals in the past, and the level of competition for key personnel remains intense. We cannot assure you that the loss of key personnel will not occur again in the future. The loss of a registered representative or a trading or investment banking professional, particularly a senior professional with a broad range of contacts in an industry, could materially and adversely affect our operating results.

Our principal shareholders, including our directors and officers, control a large percentage of our shares of common stock and can significantly influence our corporate actions.

Following consummation of the Amended and Restated Debt Conversion Agreement and private placement, our executive officers, directors and companies that these individuals are affiliated with will beneficially own approximately 70% of our common stock. Accordingly, these individuals and entities

will be able to significantly influence most, if not all, of our corporate actions, including the election of directors and the appointment of officers. Additionally, this ownership of our common stock may make it difficult for a third party to acquire control of us, therefore possibly discouraging third parties from seeking to acquire us. A third party would have to negotiate any possible transactions with these principal shareholders, and their interests may be different from the interests of our other shareholders. This may depress the price of our common stock.

The American Stock Exchange may delist our common stock from quotation on its exchange.

Our common stock is currently quoted on the Exchange. In order to continue quotation of our common stock, we must maintain certain financial, distribution and stock price levels. Generally, we must maintain a minimum amount in shareholders' equity (usually between $2 million and $4 million) and a minimum number of public shareholders (usually 300 shareholders or 200,000 shares held by our non-affiliates). Additionally, our common stock cannot have what is deemed to be a "low selling price" as determined by the Exchange.

On September 20, 2004, we received notice from the Exchange indicating that we were below certain additional continued listing standards of the Exchange, specifically that we had sustained losses in three of our four most recent fiscal years with shareholders' equity of less than $4 million, as set forth in Section 1003(a)(ii) of the Exchange's Company Guide. At that time, we were afforded an opportunity to submit a revised plan advising the Exchange of action we had taken, or would take, that would bring us into compliance with all continued listing standards by May 13, 2005 and did so in October 2004. As a result, we have been allowed to maintain our listing on the Exchange through May 13, 2005, during which time we will be subject to continued periodic review by the Exchange's staff to determine whether we are making progress consistent with the revised plan. We believe that upon consummation of the Amended and Restated Debt Conversion Agreement and the $10 million investment in the private placement, we will be in compliance with all of the Exchange's continued listing standards.

Notwithstanding the foregoing, on January 19, 2005, the last reported sale price of our common stock was $0.51. If the Exchange determines that this is a "low selling price," it may require us to effect a reverse split or suspend or remove our common stock from listing on the Exchange. In determining whether a reverse split or suspension or removal is appropriate, the Exchange will consider all pertinent factors including market conditions in general, the number of shares outstanding, plans which may have been formulated by management, applicable regulations of the state or country of incorporation or of any governmental agency having jurisdiction over the company and the relationship to other Exchange policies regarding continued listing.

If the Exchange delists our common stock from trading on its exchange, we could face significant material adverse consequences including:

- a limited availability of market quotations for our common stock;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We rely on one primary clearing broker and the termination of the agreement with this clearing broker could disrupt our business.

Ladenburg Thalmann & Co. primarily uses one clearing broker to process its securities transactions and maintain customer accounts on a fee basis. The clearing broker also provides billing services, extends credit and provides for control and receipt, custody and delivery of securities. In November 2002, we renegotiated a clearing agreement with one of our clearing brokers whereby this clearing broker became our primary clearing broker, clearing substantially all of our business. In addition, under the new clearing agreement, an affiliate of the clearing broker loaned us an aggregate of $3,500,000 in December 2002 with various terms and maturing at various dates through December 2006. As scheduled, in November 2003 and 2004, $1,500,000 and $667,000 of principal, respectively, together with accrued interest of approximately $90,000 and $54,000, respectively, was forgiven. The remaining $1,333,000 of principal balance of the loans is scheduled to be forgiven as follows: approximately $667,000 in November 2005 and $666,000 in November 2006. Accrued interest on the remaining balance of this loan as of September 30, 2004 was approximately $154,000. However, if the clearing agreement is terminated for any reason prior to the loan maturity date, the loan, less any amount that has been forgiven through the date of the termination, plus interest, must be repaid on demand.

Ladenburg Thalmann & Co. depends on the operational capacity and ability of the clearing broker for the orderly processing of transactions. In addition, by engaging the processing services of a clearing firm, Ladenburg Thalmann & Co. is exempt from some capital reserve requirements and other regulatory requirements imposed by federal and state securities laws. If the clearing agreement is terminated for any reason, we would be forced to find an alternative clearing firm. We cannot assure you that we would be able to find an alternative clearing firm on acceptable terms to us or at all.

Our clearing broker extends credit to our clients and we are liable if the clients do not pay.

Ladenburg Thalmann & Co. permits its clients to purchase securities on a margin basis or sell securities short, which means that the clearing firm extends credit to the client secured by cash and securities in the clients' account. During periods of volatile markets, the value of the collateral held by the clearing broker could fall below the amount borrowed by the client. If margin requirements are not sufficient to cover losses, the clearing broker sells or buys securities at prevailing market prices, and may incur losses to satisfy client obligations. Ladenburg Thalmann & Co. has agreed to indemnify the clearing broker for losses it may incur while extending credit to its clients.

We are subject to various risks associated with the securities industry.

As a securities broker-dealer, Ladenburg Thalmann & Co. is subject to uncertainties that are common in the securities industry. These uncertainties include:

- the volatility of domestic and international financial, bond and stock markets, as demonstrated by recent disruptions in the financial markets;
- extensive governmental regulation;
- litigation;
- intense competition;
- substantial fluctuations in the volume and price level of securities; and

- dependence on the solvency of various third parties.

As a result, revenues and earnings may vary significantly from quarter to quarter and from year to year. In periods of low volume, profitability is impaired because certain expenses remain relatively fixed. Ladenburg Thalmann & Co. is much smaller and has much less capital than many competitors in the securities industry. In the event of a market downturn, our business could be adversely affected in many ways. Our revenues are likely to decline in such circumstances and, if we are unable to reduce expenses at the same pace, our profit margins would erode.

Our risk management policies and procedures may leave us exposed to unidentified risks or an unanticipated level of risk.

The policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. We believe that we effectively evaluate and manage the market, credit and other risks to which we are exposed. Nonetheless, the effectiveness of our ability to manage risk exposure can never be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments can have a material adverse effect on our results of operations and financial condition. The consequences of these developments can include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in our credit risk to customers as well as to third parties and increases in general systemic risk.

Credit risk exposes us to losses caused by financial or other problems experienced by third parties.

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties include:

- trading counterparties;
- customers;
- clearing agents;
- exchanges;
- clearing houses; and
- other financial intermediaries as well as issuers whose securities we hold.

These parties may default on their obligations owed to us due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from:

- holding securities of third parties;
- executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries; and
- extending credit to clients through bridge or margin loans or other arrangements.

Significant failures by third parties to perform their obligations owed to us could adversely affect our revenues and perhaps our ability to borrow in the credit markets.

Intense competition from existing and new entities may adversely affect our revenues and profitability.

The securities industry is rapidly evolving, intensely competitive and has few barriers to entry. We expect competition to continue and intensify in the future. Many of our competitors have significantly greater financial, technical, marketing and other resources than we do. Some of our competitors also offer a wider range of services and financial products than we do and have greater name recognition and a larger client base. These competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. They may also be able to undertake more extensive promotional activities, offer more attractive terms to clients, and adopt more aggressive pricing policies. We may not be able to compete effectively with current or future competitors and competitive pressures faced by us may harm our business.

The precautions we take to prevent and detect employee misconduct may not be effective and we could be exposed to unknown and unmanaged risks or losses.

We run the risk that employee misconduct could occur. Misconduct by employees could include:

- employees binding us to transactions that exceed authorized limits or present unacceptable risks to us;
- employees hiding unauthorized or unsuccessful activities from us; or
- the improper use of confidential information.

These types of misconduct could result in unknown and unmanaged risks or losses to us including regulatory sanctions and serious harm to our reputation. The precautions we take to prevent and detect these activities may not be effective. If employee misconduct does occur, our business operations could be materially adversely affected.

Failure to comply with net capital requirements could subject us to suspension or revocation by the SEC or suspension or expulsion by the NASD and the NYSE.

Ladenburg Thalmann & Co. is subject to the SEC's net capital rule which requires the maintenance of minimum net capital. We compute net capital under the alternate method permitted by the net capital rule. Under this method, Ladenburg Thalmann & Co. is required to maintain net capital equal to $250,000. The net capital rule is designed to measure the general financial integrity and liquidity of a

broker-dealer. In computing net capital, various adjustments are made to net worth which exclude assets not readily convertible into cash. Additionally, the regulations require that certain assets, such as a broker-dealer's position in securities, be valued in a conservative manner so as to avoid over-inflation of the broker-dealer's net capital. The net capital rule requires that a broker-dealer maintain a certain minimum level of net capital. The particular levels vary in application depending upon the nature of the activity undertaken by a firm. Compliance with the net capital rule limits those operations of broker-dealers which require the intensive use of their capital, such as underwriting commitments and principal trading activities. The rule also limits the ability of securities firms to pay dividends or make payments on certain indebtedness such as subordinated debt as it matures. A significant operating loss or any charge against net capital could adversely affect the ability of a broker-dealer to expand or, depending on the magnitude of the loss or charge, maintain its then present level of business. The NASD and the NYSE may enter the offices of a broker-dealer at any time, without notice, and calculate the firm's net capital. If the calculation reveals a deficiency in net capital, the NASD may immediately restrict or suspend certain or all of the activities of a broker-dealer, including its ability to make markets. Ladenburg Thalmann & Co. may not be able to maintain adequate net capital, or its net capital may fall below requirements established by the SEC, and subject us to disciplinary action in the form of fines, censure, suspension, expulsion or the termination of business altogether.

Risk of losses associated with securities laws violations and litigation.

Many aspects of our business involve substantial risks of liability. An underwriter is exposed to substantial liability under federal and state securities laws, other federal and state laws, and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for material misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. In recent years, there has been an increasing incidence of litigation involving the securities industry, including class actions that seek substantial damages. Our underwriting activities will usually involve offerings of the securities of smaller companies, which often involve a higher degree of risk and are more volatile than the securities of more established companies. In comparison with more established companies, smaller companies are also more likely to be the subject of securities class actions, to carry directors and officers liability insurance policies with lower limits or not at all, and to become insolvent. Each of these factors increases the likelihood that an underwriter of a smaller companies' securities will be required to contribute to an adverse judgment or settlement of a securities lawsuit.

In the normal course of business, our operating subsidiaries have been and continue to be the subject of numerous civil actions and arbitrations arising out of customer complaints relating to our activities as a broker-dealer, as an employer and as a result of other business activities. In general, the cases involve various allegations that our employees had mishandled customer accounts. We believe that, based on our historical experience and the reserves established by us, the resolution of the claims presently pending will not have a material adverse effect on our financial condition. However, although we typically reserve an amount we believe will be sufficient to cover any damages assessed against us, we have in the past been assessed damages that exceeded our reserves. If we misjudged the amount of damages that may be assessed against us from pending or threatened claims, or if we are unable to adequately estimate the amount of damages that will be assessed against us from claims that arise in the future and reserve accordingly, our financial condition may be materially adversely affected.

Possible additional issuances will cause dilution.

We currently have outstanding 120,448,080 shares of common stock (including the shares to be issued in connection with the debt conversion and private placement discussed elsewhere in this prospectus), options to purchase a total of 9,056,281 shares of common stock and warrants to purchase a total of 200,000 shares of common stock. We are authorized to issue up to 200,000,000 shares of common stock and are therefore able to issue additional shares without being required under corporate law to obtain shareholder approval. If we issue additional shares, or if our existing shareholders exercise or convert their outstanding options, our other shareholders may find their holdings drastically diluted, which if it occurs, means that they will own a smaller percentage of our company.

We may issue preferred stock with preferential rights that may adversely affect your rights.

The rights of our shareholders will be subject to and may be adversely affected by the rights of holders of any preferred stock that we may issue in the future. Our articles of incorporation authorize our board of directors to issue up to 2,000,000 shares of "blank check" preferred stock and to fix the rights, preferences, privilege and restrictions, including voting rights, of these shares without further shareholder approval.

WARNING REGARDING OUR USE OF FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus are forward-looking that relate to possible future events, our future performance and our future operations. In some cases, you can identify these forward-looking statements by the use of words such as "may," "will," "should," "anticipates," "believes," "expects," "plans," "future," "intends," "could," "estimate," "predict," "potential," "continue," or the negative of these terms or other similar expressions. These statements are only our predictions. Our actual results could and likely will differ materially from these forward-looking statements for many reasons, including the risks described above and appearing elsewhere in this prospectus. We cannot guarantee future results, levels of activities, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform them to actual results or to changes in our expectations.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares covered by this prospectus. However, we will immediately retire, without the payment of additional consideration, the $18,010,000 principal and $4,585,832 accrued interest attributable to the senior convertible promissory notes that are being converted into 51,542,588 shares of common stock.

SELLING SHAREHOLDERS

The following table provides certain information with respect to the selling shareholders' beneficial ownership of our common stock as of January 21, 2005 and as adjusted to give effect to the sale of all of the shares offered by this prospectus. Except as otherwise indicated, the number of shares reflected in the table has been determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended. Unless otherwise indicated, each of the selling shareholders possesses sole voting and investment power with respect to the securities shown.

	Shares Beneficially Owned Before Offering			Shares Beneficially Owned After Offering	
Name	Number of Shares	Percentage	Number of Shares Offered	Number of Shares	Percentage
New Valley Corporation(1)	30,999,081(2)	25.7%	30,899,081(3)	100,000(4)	*
Frost-Nevada Investments Trust(5)	44,830,095(6)	37.2%	42,865,729(7)	1,964,366(8)	1.6%

* Less than 1%.

(1) Howard M. Lorber, president and chief operating officer of New Valley, and Richard J. Lampen, executive vice president and general counsel of New Valley, are members of our board of directors, with Mr. Lorber serving as our chairman since May 2001.

(2) Represents (i) a total of 19,787,970 shares of common stock to be issued upon conversion of principal and accrued interest on the outstanding senior convertible promissory note held by New Valley, (ii) 11,111,111 shares of common stock to be issued in our private placement and (iii) 100,000 shares of common stock issuable upon exercise of immediately exercisable warrants. As described below, New Valley has informed us that it currently anticipates distributing shares it receives as a result of the consummation of the Amended and Restated Debt Conversion Agreement and private placement.

(3) Represents the shares of common stock included in items (i) and (ii) of footnote 2 above.

(4) Represents the shares of common stock included in item (iii) of footnote 2 above.

(5) Phillip Frost, M.D. has been a member of our board of directors since March 2004.

(6) Represents (i) 1,844,366 shares of common stock held by Frost Gamma Investments Trust, a trust organized under Florida law, (ii) 100,000 shares of common stock issuable upon exercise of an immediately exercisable warrant held by Frost Gamma Investments Trust, (iii) 31,754,618 shares of common stock issuable upon conversion of the principal and accrued but unpaid interest on a senior convertible promissory note held by Frost-Nevada, (iv) 11,111,111 shares of common stock to be issued to Frost-Nevada Investments Trust in our private placement and (v) 20,000 shares of common stock issuable upon exercise of currently exercisable options held by Dr. Frost. Dr. Frost is the sole trustee of both Frost Gamma Investments Trust and Frost-Nevada Investments Trust. As the sole trustee of the Frost Gamma Investments Trust and the Nevada Trust, Dr. Frost may be deemed the beneficial owner of all shares owned by the Frost Gamma Investments Trust and the Frost-Nevada Investments Trust, respectively, by virtue of his power to vote or direct the vote of such shares or to dispose or direct the disposition of such shares owned by such trusts. Accordingly, solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended, each of these persons will be deemed to be the beneficial owner of the shares held by any other such person. The foregoing information was derived from an Amendment to Schedule 13D filed with the SEC on November 30, 2004 as well as from information made known to us.

(7) Represents the shares of common stock included in items (iii) and (iv) of footnote 6 above.

(8) Represents the shares of common stock included in items (i), (ii) and (v) of footnote 6 above.

On May 7, 2001, we consummated the stock purchase agreement, as amended, pursuant to which we acquired all of the outstanding common stock of Ladenburg Thalmann & Co. In connection with this transaction, we issued $8.01 million aggregate principal amount of our senior convertible promissory notes to New Valley and $10,000,000 aggregate principal amount of our senior convertible promissory notes to Frost-Nevada.

In March 2004, we entered into an agreement with Frost-Nevada and New Valley to convert their notes, together, with accrued interest, into shares of our common stock. Pursuant to the conversion agreement, the conversion price of notes held by Frost-Nevada was to be reduced from the original conversion price of $1.54 to $0.70 per share, and the conversion price of the notes held by New Valley was to be reduced from the original conversion price of $2.08 to $1.10 per share.

On November 15, 2004, we entered into the Amended and Restated Debt Conversion Agreement with New Valley and Frost-Nevada. Pursuant to the Amended and Restated Conversion Agreement, Frost-Nevada and New Valley agreed to convert their notes, with an aggregate principal amount of $18.01 million, together with all accrued interest thereon, into our common stock at a conversion price of $0.40 per share for Frost-Nevada and a conversion price of $0.50 per share for New Valley. In connection with the execution of the Amended and Restated Debt Conversion Agreement, New Valley and Frost-Nevada also agreed with us to forbear until May 13, 2005 payment of the interest due to them under their senior convertible promissory notes on the interest payment dates of the notes through March 31, 2005. Each also agreed to invest $5.0 million in our private placement at $0.45 per share.

Pursuant to the Amended and Restated Debt Conversion Agreement, we agreed to register for re-sale the shares of common stock that New Valley and Frost-Nevada will receive as a result of the debt conversion and the financing. However, Frost-Nevada has agreed that it will not sell, transfer or assign any shares it receives for a period of one year from the date of the agreement except to its affiliated entities. We further agreed to pay the all costs and expenses incurred by New Valley and Frost-Nevada with respect to the negotiation, execution, delivery and performance of the agreement, including reasonable attorneys' fees, any expenses incurred by them in connection with any filings needed to be made with the SEC and any expenses incurred by them in connection with their review and due diligence of the registration statement, as well as to reimburse or advance to them any costs and expenses incurred by them in connection with the engagement of a nationally recognized appraiser to perform an appraisal of the value of the shares of common stock they receive pursuant to the Amended and Restated Debt Conversion Agreement for purposes of preparing their tax returns.

The issuance of the shares of common stock pursuant to the Amended and Restated Debt Conversion Agreement and the private financing are subject to certain conditions, including having this registration statement declared effective by the SEC. However, as there are no further conditions to the consummation of the Amended and Restated Debt Conversion Agreement and the private placement that is within the control of New Valley, Frost-Nevada and the investors in the private placement, the shares of common stock to be issued pursuant to the foregoing transactions will be issued on or about the fourth day following the effectiveness of this registration statement.

PLAN OF DISTRIBUTION

The sale or distribution of the common stock may be effected directly to purchasers by the selling shareholders, or by any donee, pledgee or transferee of the selling shareholders as principals, or through one or more underwriters, brokers, dealers or agents from time to time in one or more public or private transactions by any legally available means, including:

- block trades;
- on the American Stock Exchange or in the over-the-counter market;
- otherwise than on the American Stock Exchange or in the over-the-counter market;
- through the writing of put or call options relating to the common stock;
- entering into hedging transactions with broker-dealers, and the broker-dealers may in turn engage in short sales of the shares as part of establishing and maintaining the hedge positions they entered into with the selling shareholders;
- entering into option or loan transactions that require the selling shareholder to deliver shares to a broker-dealer which may then resell or otherwise transfer the shares pursuant to this prospectus to cover the broker-dealer's own short sales of the shares or to cover short sales of the shares by customers of the broker-dealer;
- engaging in short sales of the common stock and delivering shares to cover such short positions;
- the pledging of common stock to a broker-dealer and upon the default by the selling shareholder on the pledge the broker-dealer may sell the pledged shares in accordance with this prospectus;
- through the distribution of the common stock by any selling shareholder to its partners, members or shareholders; or
- through a combination of these methods of sale.

Any of these transactions may be effected:

- at market prices prevailing at the time of sale;
- at prices related to the prevailing market prices;
- at varying prices determined at the time of sale; or
- at negotiated or fixed prices.

In addition, New Valley has informed our management that it intends to distribute shares, registered under the registration statement of which this prospectus forms a part, to its stockholders as a dividend.

The sale or distribution of common stock under this prospectus will be made in compliance with the applicable provisions of NASD Conduct Rule 2720. If the selling shareholders effect transactions to or through underwriters, brokers, dealers or agents, these underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling shareholders or purchasers. These discounts, concessions or commissions may be in excess of those customary for the types of transactions involved. However, no NASD member or independent broker-dealer will receive a commission or discount in excess of eight percent.

The selling shareholders and any broker, dealer or agent that assists in the sale of the common stock may be deemed to be underwriters within the meaning of Section 2(a)(11) of the Securities Act. Accordingly, any profit on the sale of common stock by them and any discounts, concessions or commissions received by any of the underwriters, brokers, dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

Selling shareholders may also resell all or a portion of the common stock in open market transactions in reliance upon Rule 144 under the Securities Act. In these cases, they must meet the criteria and conform to the requirements of that rule.

We will pay all of the costs, expenses and fees incident to the registration of the shares offered under this prospectus. The selling shareholders are responsible for any costs, expenses and fees related to the offer and sale of the common stock to the public, including brokerage commissions, fees and discounts of underwriters, brokers, dealers and agents.

LEGAL MATTERS

The legality of the common stock offered by this prospectus has been passed upon by Graubard Miller, New York, New York.

EXPERTS

Our consolidated financial statements as of December 31, 2003 and 2002 and for each of the years then ended appearing in our Annual Report on Form 10-K for the year ended December 31, 2003, have been audited by Eisner LLP, an independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference. Our consolidated financial statements for the year ended December 31, 2001 appearing in our Annual Report on Form 10-K for the year ended December 31, 2003 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon the reports of Eisner LLP and PricewaterhouseCoopers LLP given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Any information that we file after the date of this prospectus with the SEC will automatically update and supersede the information contained in this prospectus. This prospectus incorporates by reference our documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the securities are sold:

- annual report on Form 10-K for the fiscal year ended December 31, 2003;
- quarterly report on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004;
- our current reports on Form 8-K filed with the SEC on August 5, 2004, September 20, 2004, September 24, 2004, November 4, 2004 and November 15, 2004;
- our definitive proxy statement for our annual meeting of shareholders held on January 12, 2005; and
- the description of our common stock contained in our registration statement on Form 8-A (No. 1-15799) filed with the SEC pursuant to Section 12(b) of the Exchange Act.

Potential investors may obtain a copy of any of our SEC filings without charge by written or oral request directed to Ladenburg Thalmann Financial Services Inc., Attention: Investor Relations, 590 Madison Avenue, 34th Floor, New York, New York 10022, (212) 409-2000.

PART TWO

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The estimated expenses payable by us in connection with the distribution of the securities being registered are as follows:

SEC Registration and Filing Fee	$ 4,427.89
NASD Registration and Filing Fee	$ 4,262.00
Legal Fees and Expenses	20,000.00
Accounting Fees and Expenses	15,000.00
Printing	500.00
Miscellaneous	5,810.11
TOTAL	$50,000.00

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 607.0850 of the 1989 Business Corporation Act of the State of Florida empowers a Florida corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or other type of proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal (other than an action by, or in the right of, the corporation) by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against liability, judgments, settlements, penalties, fines (including excise taxes assessed with respect to any employee benefit plan), and expenses (including counsel's fees) actually and reasonably incurred in connection with the proceeding and any subsequent appeals, if he or she acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, or conviction, or upon plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

In the case of an action by or in the right of the corporation, Section 607.0850 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or other type of proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, in any of the capacities set forth above against expenses (including counsel's fees) and amounts paid in settlement not exceeding, in the judgment of the board of directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of the proceeding or any subsequent appeals, if the person acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation. With respect to any claim, issue, or matter as to which the person is adjudged to be liable to the corporation, indemnification is not permitted unless, and only to the extent that, the court in which the proceeding was brought determines upon application that, despite the

adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses that the court deems proper.

Section 607.0850 further provides:

- that a Florida corporation is required to indemnify a director, officer, employee, or agent against expenses (including counsel's fees) actually and reasonably incurred by the person in connection with any proceeding or in defending any claim, issue, or matter involved in the proceeding as to which the person has been successful on the merits or otherwise;

- that indemnification provided for by Section 607.0850 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled;

- that indemnification provided for by Section 607.0850 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the person ' s heirs, executors, and administrators; and

- that a Florida corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or who is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against liability under Section 607.0850.

A Florida corporation may provide indemnification only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct. The determination is to be made:

- by the board of directors upon majority vote of a quorum consisting of directors who were not party to the proceeding;

- if a quorum is not obtainable, or, even if obtainable, by majority vote of a committee consisting solely of two or more directors who are not parties to the proceeding at the time, duly designated by the board of directors (in which interested directors may participate);

- by independent legal counsel selected by majority vote of the board of directors who were not party to the proceeding or a committee so designated by the board of directors; or

- by shareholders upon majority vote of a quorum consisting of shareholders who were not parties to the proceeding or, if a quorum is not obtainable, by a majority vote of shareholders who were not parties to the proceeding.

Article XI of our articles of incorporation, as amended, and Article VII of our bylaws provide for indemnification of our directors and officers to the fullest extent permitted by law, as now in effect or later amended. Article VII of our bylaws provides that expenses incurred by a director or officer in defending a civil or criminal action, suit, or proceeding may be paid by us in advance of a final disposition upon receipt

of an undertaking by or on behalf of the director or officer to repay the advanced amount if he or she is ultimately found not to be entitled to indemnification.

We may provide liability insurance for each of our directors and officers for certain losses arising from claims or charges made against them while acting in their capacities as directors or officers. We currently maintain this type of liability insurance.

Additionally, we have entered into indemnification agreements with all of our directors and officers whereby we have agreed to indemnify, and advance expenses to, each indemnitee to the fullest extent permitted by applicable law. The indemnification agreements will continue until and terminate upon the later of (i) ten years after the date that the indemnitee has ceased to serve as a director or officer for us or (ii) the final termination of all pending proceedings in respect of which the indemnitee is granted rights of indemnification or advancement of expenses or any proceeding commenced by the indemnitee.

Item 16. EXHIBITS

Exhibit Number	Description	Incorporated By Reference from Document	No. in Document	Page
4.1	Form of Subscription Agreement between the Company and each Investor	—	—	Filed Herewith
5.1	Opinion of Graubard Miller	—	—	Filed Herewith
10.1	Amended and Restated Debt Conversion Agreement	A	10.1	—
23.1	Consent of Eisner LLP	—	—	Filed Herewith
23.2	Consent of PricewaterhouseCoopers LLP	—	—	Filed Herewith
23.3	Consent of Graubard Miller (included in Exhibit 5.1)	—	—	—
24.1	Power of Attorney (included on signature page of this Registration Statement)	—	—	—

A. Registrant's Current Report on Form 8-K dated and filed with the SEC on November 15, 2004.

Item 17. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, hereunto duly authorized, in New York, New York on January 21, 2005.

LADENBURG THALMANN FINANCIAL SERVICES INC.
(Registrant)

By: /s/ Charles I. Johnston
Name: Charles I. Johnston
Title: President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles I. Johnston, Joseph Giovanniello Jr. and Salvatore Giardina, and each of them, with full power to act without the other, such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign this Registration Statement, any and all amendments thereto (including post-effective amendments), any subsequent Registration Statements filed by the Company pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and any amendments thereto and to file the same, with exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Charles I. Johnston Charles I. Johnston	President, Chief Executive Officer and Director (Principal Executive Officer)	January 21, 2005
/s/ Salvatore Giardina Salvatore Giardina	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 21, 2005
/s/ Henry C. Beinstein Henry C. Beinstein	Director	January 21, 2005
/s/ Robert J. Eide Robert J. Eide	Director	January 21, 2005

Signature	Title	Date
/s/ Phillip Frost	Director	January 21, 2005
Phillip Frost, M.D.		
/s/ Brian S. Genson	Director	January 21, 2005
Brian S. Genson		
/s/ Richard J. Lampen	Director	January 21, 2005
Richard J. Lampen		
/s/ Howard M. Lorber	Director	January 21, 2005
Howard M. Lorber		
/s/ Vincent A. Mangone	Director	January 21, 2005
Vincent A. Mangone		
/s/ Benjamin D. Pelton	Director	January 21, 2005
Benjamin D. Pelton		
/s/ Jeffrey S. Podell	Director	January 21, 2005
Jeffrey S. Podell		
/s/ Richard J. Rosenstock	Director	January 21, 2005
Richard J. Rosenstock		
/s/ Steven A. Rosen	Director	January 21, 2005
Steven A. Rosen		
/s/ Mark Zeitchick	Director	January 21, 2005
Mark Zeitchick		

EXHIBIT 4.1

LADENBURG THALMANN FINANCIAL SERVICES INC.

SUBSCRIPTION AGREEMENT

AND

INVESTOR INFORMATION STATEMENT

INSTRUCTIONS

IMPORTANT: PLEASE READ CAREFULLY BEFORE SIGNING.
SIGNIFICANT REPRESENTATIONS ARE CONTAINED IN THIS DOCUMENT.

1. Fill in the missing information on Page 1.

2. Individual Investors must complete the requested information on pages 9 and 10 and sign the signature page on page 10.

3. Entity Investors must complete the requested information on pages 11 and 12 and if applicable, page 13 and sign the signature page on page 12 and if applicable, page 13.

DELIVER THE EXECUTED AGREEMENTS TO:
LADENBURG THALMANN FINANCIAL SERVICES INC.
590 MADISON AVENUE, 34TH FLOOR
NEW YORK, NEW YORK 10022
ATTENTION: SALVATORE GIARDINA

Print Name of Subscriber _____

Amount of Investment _____

SUBSCRIPTION AGREEMENT AND INVESTOR INFORMATION STATEMENT

Ladenburg Thalmann Financial Services Inc. (the "Company") and the Investor hereby agree as follows:

1. Subscription for Securities. I (sometimes referred to herein as the "Investor") hereby subscribe for and agree to purchase the number of shares of Common Stock ("Share(s)") set forth on the signature page hereto at $0.45 per share and upon the other terms and conditions described in this Agreement. The Shares are being offered in a private placement in accordance with the terms set forth in the Confidential Term Sheet dated December 28, 2004 ("Term Sheet"). Capitalized terms not defined herein will have the same meaning as set forth in the Term Sheet.

2. Offering Period. The Shares will be offered for sale until the day following the Company's 2004 Annual Meeting of Shareholders or such earlier date as determined by the Company (such date is referred to as the "Commitment Date").

3. Investor Delivery of Subscription Agreement. I hereby tender to the Company one manually executed copy of this Subscription Agreement. My delivery of the Subscription Agreement represents my binding commitment to pay for the Shares subscribed for on the Closing (defined below in Section 5).

4. Acceptance or Rejection of Subscription. The Company has the right to reject this subscription for the Shares, in whole or in part for any reason and at any time prior to the Commitment Date, notwithstanding prior receipt by me of notice of acceptance of my subscription. In the event my subscription is rejected, my payment will be returned promptly to me without interest or deduction and this Subscription Agreement will have no force or effect. The Shares subscribed for herein will not be deemed issued to or owned by me until one copy of this Subscription Agreement has been executed by me and countersigned by the Company and the Closing with respect to my subscription has occurred.

5. Closing, Payment and Delivery of Securities. The offering is being made on a "best efforts, no minimum, $20,000,000 maximum" basis. Accordingly, there is no minimum amount of Shares that must be subscribed for in order for the Company to hold a closing with respect to those Shares that are subscribed and paid for. The Company anticipates it will hold a closing ("Closing") subsequent to the Company's 2004 Annual Meeting of Shareholders ("2004 Annual Meeting") and prior to May 13, 2005 (such date is referred to as the "Termination Date") provided the following closing conditions have been met:

(i) The Company has obtained the approval of the terms of the Amended and Restated Debt Conversion Agreement, Standby Commitment and the offering at the 2004 Annual Meeting;

(ii) The Company has caused the Registration Statement (defined below) to be declared effective by the SEC;

(iii) The Company has not suffered any material adverse change in its assets, liabilities, financial condition, results of operations or business from the Commitment Date until the Closing; and

(iv) The Company shall have caused the shares of Common Stock issuable pursuant to the Amended and Restated Debt Conversion Agreement (as defined in the Term Sheet) and this offering (including the Standby Commitment) to be approved for listing on the American Stock Exchange or any national securities

exchange on which the Common Stock is then listed.

The Closing of the offering shall also be conditioned on and subject to the simultaneous consummation of debt conversion transaction described in the Amended and Restated Debt Conversion Agreement. In the event my subscription is accepted and there is a Closing, I agree to pay the full purchase price of the Shares I am purchasing by check or wire transfer at the Closing. Alternatively, if I hold outstanding promissory notes issued by the Company that are, by their terms, convertible into the Shares, I may exchange such notes for Shares being offered hereby (based upon the aggregate principal and accrued interest on such debt divided by $0.45 per Share). Upon payment for the Shares, the certificates representing such Shares will be delivered promptly to me along with a fully executed version of this Agreement. The Company agrees to notify me at least five business days prior to the date on which the Closing is scheduled and provide me with instructions on paying for the Shares subscribed for prior to the Closing. If a Closing does not occur by the Termination Date, then this Subscription Agreement will be null and void.

6. Offering to Accredited Investors. This offering is limited to accredited investors as defined in Section 2(15) of the Securities Act of 1933, as amended ("Securities Act"), and Rule 501 promulgated thereunder, and is being made without registration under the Securities Act in reliance upon the exemptions contained in Sections 3(b), 4(2) and/or 4(6) of the Securities Act and applicable state securities laws. As indicated by the responses on the signature page hereof, the Investor is an accredited investor within the meaning of Section 2(15) of the Securities Act and Rule 501 promulgated thereunder.

7. Investor Representations and Warranties. I acknowledge, represent and warrant to the Company as follows:

7.1 Obligations of the Company and the Investor. The Company has no obligation to me other than as set forth in this Agreement. I am aware that I am not entitled to cancel, terminate or revoke this subscription, and any agreements made in connection herewith will survive my death or disability. In order to induce the Company to issue and sell the Shares to me, I represent and warrant that the information relating to me stated herein is true and complete as of the date hereof and will be true and complete as of the date on which my purchase of Shares becomes effective. If, prior to the Closing, there should be any change in such information or any of such information becomes incorrect or incomplete, I agree to notify the Company and supply the Company promptly with corrective information.

7.2 Information About the Company.

(1) I have read the Term Sheet relating to this offering and all exhibits listed therein and fully understand the Term Sheet, including the "Risk Factors" contained therein. I have been given access to full and complete information regarding the Company and have utilized such access to my satisfaction for the purpose of verifying the information included in the Term Sheet and exhibits thereto, and I have either met with or been given reasonable opportunity to meet with officers of the Company for the purpose of asking reasonable questions of such officers concerning the terms and conditions of the offering of the Shares and the business and operations of the Company and all such questions have been answered to my full satisfaction. I also have been given an opportunity to obtain any additional relevant information to the extent reasonably available to the Company. I have received all information and materials regarding the Company that I have reasonably requested. After my reading of the materials about the Company, I understand that there is no assurance as to the future performance of the Company.

(2) I have received no representation or warranty from the Company or any of its respective officers, directors, employees or agents in respect of my investment in the Company. I am not participating in the Offering as a result of or subsequent to: (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the

Internet or (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

7.3 Speculative Investment. I am aware that the Shares are a speculative investment that involve a high degree of risk including, but not limited to, the risk of losses from operations of the Company and the total loss of my investment. I acknowledge and am aware that there is no assurance as to the future performance of the Company and recognize that the Shares, as an investment, involve a high degree of risk including, but not limited to, the risk of losses from operations of the Company and the total loss of my investment. I have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares and have obtained, in my judgment, sufficient information from the Company to evaluate the merits and risks of an investment in the Company. I have not utilized any person as my purchaser representative (as defined in Regulation D) in connection with evaluating such merits and risks and have relied solely upon my own investigation in making a decision to invest in the Company. I have been urged to seek independent advice from my professional advisors relating to the suitability of an investment in the Company in view of my overall financial needs and with respect to the legal and tax implications of such investment. I believe that the investment in the Shares is suitable for me based upon my investment objectives and financial needs, and I have adequate means for providing for my current financial needs and contingencies and have no need for liquidity with respect to my investment in the Company. The investment in the Company does not constitute all or substantially all of my investment portfolio.

7.4 Restrictions on Transfer. I understand that (i) the Shares have not been registered under the Securities Act or the securities laws of certain states in reliance on specific exemptions from registration, (ii) no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (iii) the Company is relying on my representations and agreements for the purpose of determining whether this transaction meets the requirements of the exemptions afforded by the Securities Act and certain state securities laws. I understand and agree that the Shares cannot be resold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Securities Act and under applicable securities laws of certain states, or an exemption from such registration is available. I acknowledge that, notwithstanding the Company's commitment described below in Section 8, there can be no assurance that the Company will be able to keep the Registration Statement (defined below) effective until I sell the Shares registered thereon.

7.5 No Market for Shares. I am purchasing the Shares for my own account for investment and not with a view to, or for sale in connection with, any subsequent distribution of the Shares, nor with any present intention of selling or otherwise disposing of all or any part of the Shares. I understand that, although there is a public market for the Shares, there is no assurance that such market will continue.

7.6 Entity Authority. If the Investor is a corporation, partnership, company, trust, employee benefit plan, individual retirement account, Keogh Plan or other tax-exempt entity, it is authorized and qualified to become an investor in the Company and the person signing this Subscription Agreement and Investor Information Statement on behalf of such entity has been duly authorized by such entity to do so.

7.7 No Offer Until Determination of Suitability. I acknowledge that any delivery to me of the documents relating to the offering of the Shares prior to the determination by the Company of my suitability will not constitute an offer of the Shares until such determination of suitability is made.

8. Registration Rights.

(a)(i) The Company shall file a registration statement (the "Registration Statement") to register the Shares received by the investors in the offering (collectively the "Registrable Securities") for resale pursuant to the Securities Act no later than ten business days after the Commitment Date. The

Company shall use commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC as promptly as practicable.

(ii) In connection the foregoing, the Company will, as expeditiously as possible, use its best efforts to: (A) furnish to investors copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits), and each of the investors shall have the opportunity to object to any information pertaining solely to it that is contained therein and the Company will make the corrections reasonably requested by either of them with respect to such information prior to filing any such registration statement or amendment; (B) prepare and file with the SEC such amendments and supplements to such Registration Statement and any prospectus used in connection therewith as may be necessary to maintain the effectiveness of such Registration Statement and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement; (C) promptly notify investors: (1) when such Registration Statement or any prospectus used in connection therewith, or any amendment or supplement thereto, has been filed and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective; (2) of any written comments from the SEC with respect to any filing referred to in clause (A) and of any written request by the SEC for amendments or supplements to such Registration Statement or prospectus; and (3) of the notification to the Company by the SEC of its initiation of any proceeding with respect to the issuance by the SEC of, or of the issuance by the SEC of, any stop order suspending the effectiveness of such Registration Statement; (D) furnish investors such number of copies of the prospectus contained in such Registration Statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to the Registrable Securities, and such other documents, as investors may reasonably request to facilitate the disposition of its Registrable Securities; (E) notify investors at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which any prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of investors promptly prepare and furnish investors a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (F) make available for inspection by the investors and any attorney, accountant or other agent retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such Registration Statement, and permit the inspectors to participate in the preparation of such Registration Statement and any prospectus contained therein and any amendment or supplement thereto.

(b) The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the investors shall pay any and all sales commissions and the expenses of any legal counsel selected by them to represent them in connection with the sale of the Registrable Securities. The Company shall use its best efforts to cause any registration statement filed pursuant to this section to remain effective until all the Registrable Securities registered thereunder are sold or until the delivery to the Holders of an opinion of counsel to the Company to the effect set forth in Section 8(h).

(c)(i) The Company will indemnify the investors, their directors and officers and each underwriter, if any, and each person who controls any of them within the meaning of the Securities Act or the Exchange Act against all claims, losses, damages and liabilities (or actions or proceedings, commenced or threatened, in respect thereof), joint or several, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document

(including any related registration statement, notification or the like) incident to any registration, qualification or compliance pursuant to this Section 8 or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation thereunder applicable to the Company in connection with any such registration, qualification or compliance, and will reimburse the investors, their directors and officers, each such underwriter and each person who controls any such underwriter within the meaning of the Securities Act or the Exchange Act for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action or proceeding; provided that the Company will not be liable to an investor in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by or on behalf of such investor specifically stating that it is intended for inclusion in any registration statement under which Registrable Securities are registered. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of an investor or any such director, officer or controlling person, and shall survive the transfer of such securities by any investor.

(ii) Each of the investors, severally and not jointly, shall indemnify the Company, each of its directors and officers and each underwriter, if any, of the Company's securities covered by such registration statement, each person who controls the Company or such underwriter within the meaning of the Securities Act and the Exchange Act and the rules and regulations thereunder, each other securityholder participating in such distribution and each of their officers and directors and each person controlling such other securityholder, against all claims, losses, damages and liabilities (or actions or proceedings, commenced or threatened, in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such other security holders, directors, officers, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action or proceeding, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such document in reliance upon and in conformity with written information furnished to the Company by or on behalf of such investor specifically stating that it is intended for inclusion in such document; provided, however, that the obligations of each investor hereunder shall be limited to an amount equal to the proceeds received by such investor of securities sold as contemplated herein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person, and shall survive the transfer of such securities by any investor.

(iii) Each party desiring indemnification or contribution under this Section 8(c) hereof (the "Securities Indemnified Party") shall give notice to the party required to provide indemnification or contribution (the "Securities Indemnifying Party") promptly after such Securities Indemnified Party has actual knowledge of any claim as to which indemnity or contribution may be sought, and shall permit the Securities Indemnifying Party to assume, at its sole cost and expense, the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Securities Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Securities Indemnified Party (whose approval shall not be unreasonably withheld). The Securities Indemnified Party may participate in such defense at the Securities Indemnified Party's expense unless (A) the employment of counsel by the Securities Indemnified Party has been authorized in writing by the Securities Indemnifying Party, (B) the Securities Indemnified Party has been advised by such counsel employed by it that there are legal defenses available to it involving potential conflict with those of the Securities Indemnifying Party (in which case the Securities Indemnifying Party will not have the right to direct the defense of such action on behalf of the Securities Indemnified Party), or (C) the Securities Indemnifying Party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the

commencement of the action, in each of which cases the reasonable fees and expenses of counsel for the Securities Indemnified Party shall be at the expense of the Securities Indemnifying Party. The failure of any Securities Indemnified Party to give notice as provided herein shall not relieve the Securities Indemnifying Party of its obligations under this Section 8. No Securities Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Securities Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Securities Indemnified Party of a release from all liability in respect to such claim or litigation. No Securities Indemnified Party shall settle any claim or demand without the prior written consent of the Securities Indemnifying Party (which consent will not be unreasonably withheld). Each Securities Indemnified Party shall furnish such information regarding itself or the claim in question as the Securities Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(iv) The provisions of this Section 8(c) shall be in addition to any other rights to indemnification or contribution which an Indemnified Party may have pursuant to law, equity, contract or otherwise.

(d) In order to provide for just and equitable contribution under the Securities Act in any case in which (A) any person entitled to indemnification under Section (c) makes a claim for indemnification pursuant hereto but such indemnification is not enforced in such case notwithstanding the fact that this section provides for indemnification in such case, or (B) contribution under the Securities Act, the Exchange Act or otherwise is required on the part of any such person in circumstances for which indemnification is provided under this section, then, and in each such case, the Company and each of the Holders shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement (including legal and other expenses reasonably incurred in connection with investigation or defense) incurred by the Company and the Holders, as incurred, in proportion to their relative fault and the relative knowledge and access to information of the Securities Indemnifying Party, on the one hand, and the Securities Indemnified Party, on the other hand, concerning the matters resulting in such losses, liabilities, claims, damages and expenses, the opportunity to correct and prevent any untrue statement or omission, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission of a material fact relates to information supplied by the Securities Indemnifying Party, on the one hand, or the Securities Indemnified Party, on the other hand, and any other equitable considerations appropriate under the circumstances; provided that no person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this section, each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

(e) Each of the investors shall furnish to the Company such information regarding itself and the distribution proposed by it as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Section 8.

(f) The Company shall comply with all of the reporting requirements of the Exchange Act and with all other public information reporting requirements of the Commission, which are conditions to the availability of Rule 144 for the sale of the Shares. The Company shall cooperate with each investor in supplying such information as may be necessary for such investor to complete and file any information reporting forms presently or hereafter required by the Commission as a condition to the availability of Rule 144.

(g) The Company represents and warrants to the holders of Registrable Securities that the granting of the registration rights to the investors hereby does not and will not violate any agreement

between the Company and any other security holders with respect to registration rights granted by the Company.

(h) The rights granted under this Section 8 shall terminate upon delivery to the investors of an opinion of counsel to the Company reasonably satisfactory to the investors to the effect that such rights are no longer necessary for the public sale of the Registrable Securities without restriction as to the number of securities that may be sold at any one time or the manner of sale.

(i) The rights granted under this Section 8 shall not be transferable.

9. For Florida Residents. None of the Shares have been registered under the Securities Act of 1933, as amended, or the Florida Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the offering. The Shares cannot be sold, transferred or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the Securities Act of Florida, if such registration is required. Pursuant to Section 517.061(11) of the Florida Securities Act, when sales are made to five (5) or more persons in Florida, any sale made pursuant to Subsection 517.061(11) of the Florida Securities Act will be voidable by such Florida purchaser either within three days after the first tender of consideration is made by the purchaser to the issuer, an agent of the issuer, or an escrow agent, or within three days after the availability of the privilege is communicated to such purchaser, whichever occurs later. In addition, as required by Section 517.061(11)(a)(3), Florida Statutes and by Rule 3-500.05(a) thereunder, if I am a Florida resident I may have, at the offices of the Company, at any reasonable hour, after reasonable notice, access to the materials set forth in the Rule that the Company can obtain without unreasonable effort or expense.

10. Indemnification. I hereby agree to indemnify and hold harmless the Company, its respective officers, directors, stockholders, employees, agents and attorneys against any and all losses, claims, demands, liabilities, and expenses (including reasonable legal or other expenses incurred by each such person in connection with defending or investigating any such claims or liabilities, whether or not resulting in any liability to such person or whether incurred by the indemnified party in any action or proceeding between the indemnitor and indemnified party or between the indemnified party and any third party) to which any such indemnified party may become subject, insofar as such losses, claims, demands, liabilities and expenses (a) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact made by me and contained herein or (b) arise out of or are based upon any breach by me of any representation, warranty or agreement made by me contained herein.

11. Governing Law and Jurisdiction. This Subscription Agreement will be deemed to have been made and delivered in New York City and will be governed as to validity, interpretation, construction, effect and in all other respects by the internal laws of the State of New York. Each of the Company and the Investor hereby (i) agrees that any legal suit, action or proceeding arising out of or relating to this Subscription Agreement will be instituted exclusively in New York State Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, (ii) waives any objection to the venue of any such suit, action or proceeding and the right to assert that such forum is not a convenient forum for such suit, action or proceeding, (iii) irrevocably consents to the jurisdiction of the New York State Supreme Court, County of New York, and the United States District Court for the Southern District of New York in any such suit, action or proceeding, (iv) agrees to accept and acknowledge service of any and all process that may be served in any such suit, action or proceeding in New York State Supreme Court, County of New York or in the United States District Court for the Southern District of New York and (v) agrees that service of process upon it mailed by certified mail to its address set forth on my signature page will be deemed in every respect effective service of process upon it in any suit, action or proceeding.

12. Counterparts. This Subscription Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same

instrument. The execution of this Subscription Agreement may be by actual or facsimile signature.

13. Benefit. Except as otherwise set forth herein, this Subscription Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and assigns.

14. Notices. All notices, offers, acceptance and any other acts under this Subscription Agreement (except payment) must be in writing, and is sufficiently given if delivered to the addressees in person, by overnight courier service, or, if mailed, postage prepaid, by certified mail (return receipt requested), and will be effective three days after being placed in the mail if mailed, or upon receipt or refusal of receipt, if delivered personally or by courier or confirmed telecopy, in each case addressed to a party. All communications to me should be sent to my preferred address on the signature page hereto. All communications to the Company should be sent to:

Ladenburg Thalmann Financial Services Inc.
590 Madison Avenue, 34th Floor
New York, New York 10022
Attn: Charles I. Johnston, Chief Executive Officer
Tel: (212) 409-2500

15. Entire Agreement. This Subscription Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof; provided, however, that if the undersigned is a party to the Amended and Restated Debt Conversion Agreement, the Amended and Restated Debt Conversion Agreement controls in the event there is any inconsistency or ambiguity set forth in this Subscription Agreement. In the event any parts of this Subscription Agreement are found to be void, the remaining provisions of this Subscription Agreement are nevertheless binding with the same effect as though the void parts were deleted. This Subscription Agreement may not be changed, waived, discharged, or terminated orally, but rather, only by a statement in writing signed by the party or parties against which enforcement or the change, waiver, discharge or termination is sought.

16. Section Headings. Section headings herein have been inserted for reference only and will not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part, any of the terms or provisions of this Subscription Agreement.

17. Survival of Representations, Warranties and Agreements. The representations, warranties and agreements contained herein will survive the delivery of, and the payment for, the Shares.

18. Acceptance of Subscription. The Company may accept this Subscription Agreement at any time for all or any portion of the Shares subscribed for by executing a copy hereof as provided and notifying me within a reasonable time thereafter.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE FOR **INDIVIDUAL INVESTORS** - COMPLETE ALL INFORMATION

Name: _____ Name of Joint Investor (if any): _____

Residence Address: _____

Telephone: (H) _____ (W) _____ Fax _____

Occupation: _____ Employer: _____

Business Address: _____

Send communications to: o Home o Office o E-Mail: _____

Age:
_____

Social Security Number:
_____

Check manner in which securities are to be held:

o Individual Ownership o Tenants in Common o Joint Tenants with Right of Survivorship (both parties must sign)

o Community Property o Other (please indicate)

_____

Amount of Investment:

Number of Shares:
_____

Corresponding dollar amount ($0.45 multiplied by number of Shares): $_____

Accredited Investor Status For Individuals. (INVESTORS THAT ARE CORPORATIONS, LIMITED LIABILITY COMPANIES, PARTNERSHIPS, REVOCABLE TRUSTS, IRREVOCABLE TRUSTS, EMPLOYEE BENEFIT PLAN TRUSTS AND INDIVIDUAL RETIREMENT ACCOUNTS SHOULD IGNORE THE FOLLOWING QUESTIONS AND PROCEED TO THE ENTITY SIGNATURE PAGE).

(a) I am an accredited investor within the meaning of Section 2(15) of the Securities Act and Rule 501 promulgated thereunder because (check any boxes that apply):

- o My individual annual income during each of the two most recent years exceeded $200,000 and I expect my annual income during the current year will exceed $200,000.

- o If I am married, my joint annual income with my spouse during each of the two most recent years exceeded $300,000 and I expect my joint annual income with my spouse during the current year will exceed $300,000.

- o My individual or joint (together with my spouse) net worth (including my home, home furnishings and automobiles) exceeds $1,000,000.

(b) The aggregate value of my assets is approximately $___.

(c) My aggregate liabilities are approximately $___.

(d) My current and expected income is:

YEAR	INCOME
2004 (Estimated)	$
2003 (Actual)	$
2002 (Actual)	$

I hereby confirm the information set forth above is true and correct in all respects as of the date hereof and will be on the date of the purchase of Shares.

ALL INVESTORS MUST SIGN AND PRINT NAME BELOW	The foregoing subscription is accepted and the Company hereby agrees to be bound by its terms.
Signature: _____	LADENBURG THALMANN FINANCIAL SERVICES INC.
Print Name: _____	By:
Date: _____	
Signature: _____	Name: _____
Print Name: _____	Title: _____
Date: _____	Date: _____

SIGNATURE PAGE FOR **ENTITY INVESTORS** - COMPLETE ALL INFORMATION

Name of Entity: _____

Address of Principal Office: _____

Telephone: _____ Fax: _____

Taxpayer Identification Number: _____

Check type of Entity:

o Employee Benefit Plan Trust	o Limited Partnership	o General Partnership	o Individual Retirement Account
o Limited Liability Company	o Revocable Trust	o Corporation	o Other (please indicate)

o Irrevocable Trust (If the Investor is an Irrevocable Trust, a supplemental questionnaire must be completed by the person directing the decision for the trust to determine by accredited investor status. Please contact Graubard Miller for a copy of such supplemental questionnaire.)

Amount of Investment:

Number of Shares: _____

Corresponding dollar amount ($0.45 multiplied by number of Shares): $ _____

Date of Formation or incorporation: _____ State of Formation: _____

Describe the business of the Entity:

_____

_____

_____

List the names and positions of the executive officers, managing members, partners or trustees authorized to act with respect to investments by the Entity generally and specify who has the authority to act with respect to this investment.

Name	Position	Authority for this investment (yes or no)

Accredited Investor Status for Entities.

(a) Check all boxes which apply (IRA Entities can skip this question and go to (b)):

The Entity was **not** formed for the specific purpose of investing in the Company

The Entity has total assets in excess of $5 million dollars

For Employee Benefit Plan Trusts Only: The decision to invest in the Company was made by a plan fiduciary, as defined in Section 3(21) of ERISA, who is either a bank, insurance company or registered investment advisor.

(b) If you did not check the first two of the three boxes in Question (a) **or** if the Entity is an Individual Retirement Account, a Self-directed Employee Benefit Plan Trust or an Irrevocable Trust, list the name of each person who:

(i) owns an equity interest in the Entity (i.e., each shareholder if the Entity is a corporation, each member if the Entity is a limited liability company and each partner if the Entity is a partnership); or

(ii) is a grantor for the revocable trust or Individual Retirement Account; or

(iii) is the person making the investment decision for a self-directed Employee Benefit Plan Trust; or

(iv)is the person making the investment decisions for an Irrevocable Trust.

_____ _____

_____ _____

EACH PERSON LISTED ABOVE MUST SEPARATELY COMPLETE AND SUBMIT TO THE COMPANY THE ANSWERS TO THE QUESTIONS FOLLOWING THE SIGNATURE BOX BELOW AND SIGN THE WRITTEN CONFIRMATION IMMEDIATELY FOLLOWING.

INVESTOR:	The foregoing subscription is accepted and the Company hereby agrees to be bound by its terms.
_____	LADENBURG THALMANN FINANCIAL SERVICES INC.
Signature of Authorized Signatory	
	By:
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Accredited Investor Questions for Entity equity owners and investment decision makers

(a) I am an accredited investor within the meaning of Section 2(15) of the Securities Act and Rule 501 promulgated thereunder because (check any boxes that apply):

- o My individual annual income during each of the two most recent years exceeded $200,000 and I expect my annual income during the current year will exceed $200,000.
- o If I am married, my joint annual income with my spouse during each of the two most recent years exceeded $300,000 and I expect my joint annual income with my spouse during the current year will exceed $300,000.
- o My individual or joint (together with my spouse) net worth (including my home, home furnishings and automobiles) exceeds $1,000,000.

(b) The aggregate value of my assets is approximately $_____.

(c) My aggregate liabilities are approximately $_____.

(d) My current and expected income is:

YEAR	INCOME
2004 (Estimated)	$
2003 (Actual)	$
2002 (Actual)	$

I hereby confirm the information set forth above is true and correct in all respects as of the date hereof and will be on the date of the purchase of Shares.

Date: _____ _____

Name:

EXHIBIT 5.1

Graubard Miller
600 Third Avenue
New York, New York 10016-2097

January 21, 2005

Ladenburg Thalmann Financial Services Inc.
590 Madison Avenue
34th Floor
New York, New York 10022

Dear Sirs:

Reference is made to the Registration Statement on Form S-3 ("Registration Statement") filed by Ladenburg Thalmann Financial Services Inc. ("Company"), a Florida corporation, under the Securities Act of 1933, as amended ("Act"), with respect to an aggregate of 73,764,810 shares of common stock, par value $.0001 per share ("Common Stock"), to be offered for resale by certain shareholders ("Selling Shareholders").

We have examined such documents and considered such legal matters as we have deemed necessary and relevant as the basis for the opinion set forth below. With respect to such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as reproduced or certified copies, and the authenticity of the originals of those latter documents. As to questions of fact material to this opinion, we have, to the extent deemed appropriate, relied upon certain representations of certain officers and employees of the Company.

Based upon the foregoing, it is our opinion that the shares of Common Stock to be held by the Selling Shareholders have been duly authorized and, when issued in accordance with the terms of the Registration Statement, will be legally issued, fully paid and nonassessable.

In giving this opinion, we have assumed that all certificates for the Company's shares of Common Stock will be duly executed on behalf of the Company by the Company's transfer agent and registered by the Company's registrar, if necessary, and will conform, except as to denominations, to specimens which we have examined.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement, to the use of our name as your counsel and to all references made to us in the Registration Statement and in the Prospectus forming a part thereof. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations promulgated thereunder.

Very truly yours,

/s/ Graubard Miller

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Ladenburg Thalmann Financial Services Inc.

We consent to the incorporation by reference in this Registration Statement of Ladenburg Thalmann Financial Services Inc. (the "Company") on Form S-3 of our report dated February 5, 2004, except for the fifth and sixth paragraphs of Note 13, as to which the date is March 29, 2004, with respect to the consolidated financial statements as of and for the years ended December 31, 2003 and 2002 of the Company included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Eisner LLP
Eisner LLP
New York, New York
January 20, 2005

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated March 22, 2002 relating to the financial statements of Ladenburg Thalmann Financial Services Inc., ("Company") which appears in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
New York, New York
January 20, 2005