
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) September 26, 2005

**LADENBURG THALMANN FINANCIAL SERVICES
INC.**

(Exact Name of Registrant as Specified in Charter)

Florida	1-15799	65-0701248
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
590 Madison Avenue, 34th Floor, New York, New York		10022
(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code (212) 409-2000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02 Unregistered Sales of Equity Securities.

In August 2005, Ladenburg Thalmann & Co. Inc. (“Ladenburg”), the primary operating subsidiary of Ladenburg Thalmann Financial Services Inc. (the “Company”), entered into employment agreements with Steven M. Cohen and Barry Rabkin. Pursuant to the agreements, effective September 26, 2005:

- Mr. Cohen purchased 500,000 shares of the Company’s common stock at \$0.45 per share for an aggregate purchase price of \$225,000. Additionally, Mr. Cohen committed to purchase a total of 3,500,000 shares of the Company’s common stock at \$0.53 through the use of compensation to be earned by Mr. Cohen (in accordance with the terms of the employment agreement).
- Mr. Rabkin purchased 1,000,000 shares of the Company’s common stock at \$0.45 per share for an aggregate purchase price of \$450,000.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

10.1 Subscription Agreement between Ladenburg Thalmann Financial Services Inc. and Steven Cohen

10.2 Stock Purchase Agreement between Ladenburg Thalmann Financial Services Inc. and Steven Cohen

10.3 Incentive Stock Purchase Agreement between Ladenburg Thalmann Financial Services Inc. and Steven Cohen

10.4 Subscription Agreement between Ladenburg Thalmann Financial Services Inc. and Barry Rabkin

SIGNATURE

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

Date: September 30, 2005

LADENBURG THALMANN FINANCIAL SERVICES
INC.

By: /s/ Salvatore Giardina
Name: Salvatore Giardina
Title: Vice President and Chief Financial
Officer

SUBSCRIPTION AGREEMENT AND INVESTOR INFORMATION STATEMENT

Ladenburg Thalmann Financial Services Inc. (the “Company”) and Steven M. Cohen (the “Investor”) hereby agree as follows:

1. **Subscription for Securities.** Investor hereby subscribes for and agrees to purchase 500,000 shares of Common Stock (“Share(s)”) at \$0.45 per share upon the terms and conditions described in this Agreement.

2. **Investor Deliveries.** On the Closing Date (as hereafter defined), the Investor shall wire to the Company the sum of \$225,000, representing full payment for the Shares. Certificates representing the Shares will be delivered to the Investor as soon thereafter as practicable. “Closing Date” shall mean the date mutually agreed to by the Company and Investor promptly after approval by the American Stock Exchange, but not later than three business days after such approval.

3. **Investor Representations and Warranties.** Investor acknowledges, represents and warrants to the Company as follows:

(a) **Information about the Company.** Investor has read the Company’s recent filings under the Securities Exchange Act of 1934 (“Exchange Act”). Investor has been given access to full and complete information regarding the Company and has utilized such access to his satisfaction for the purpose of verifying the information included in those filings. Investor has 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 Investor’s full satisfaction. Investor has been given an opportunity to obtain any additional relevant information to the extent reasonably available to the Company. Investor has received all information and materials regarding the Company that he has reasonably requested.

(b) **Speculative Investment.** Investor is 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 his investment. Investor acknowledges and is aware that there is no assurance as to the future performance of the Company. Investor has 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 has obtained, in his judgment, sufficient information from the Company to evaluate the merits and risks of an investment in the Company. Investor has not utilized any person as his purchaser representative (as defined in Regulation D) in connection with evaluating such merits and risks and has relied solely upon his own investigation in making a decision to invest in the Company. Investor believes that the investment in the Shares is suitable for him based upon his investment objectives and financial needs, and Investor has adequate means for providing for his current financial needs and contingencies and has no need for liquidity with respect to his investment in the Company.

(c) **Restrictions on Transfer.** Investor understands that (i) the Shares have not been registered under the Securities Act of 1933 (“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 of Shares or made any finding or determination relating to the fairness of an investment in the Company, and (iii) the Company is relying on his 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. Investor understands and agrees 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. Investor acknowledges that, notwithstanding the Company’s commitment described below in

Section 4, there can be no assurance that the Company will be able to keep the Registration Statement (defined below) effective until he sells the Shares registered thereon.

(d) **No Market for Shares.** Investor is purchasing the Shares for his 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. Investor understands that, although there is a public market for the Shares, there is no assurance that such market will continue.

4. **Registration Rights.** Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8 or other applicable form to register under the Act the resale of the Shares.

5. **Lock-up and Insider Trading Policy.** The Investor agrees that he will not sell, assign or transfer any of the Shares until November 15, 2005, except to an Immediate Family Member who shall agree to continue to be bound by this restriction. Investor understands that he will be required to abide by all of the Company's policies in effect, including the Company's Insider Trading Policy, with respect to the ownership and trading of the Company's securities.

6. **Indemnification.** Investor hereby agrees 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 Investor and contained herein or (b) arise out of or are based upon any breach by Investor of any representation, warranty or agreement made by him contained herein.

7. **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.

8. **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.

9. **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.

10. **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 Investor's residence 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: Sal Giardina, Chief Financial Officer

11. **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. 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.

12. **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.

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

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

Name: Steven M. Cohen

Residence Address: _____

Telephone: (H) _____ (W) _____ (Cell) _____

Social Securities Number: _____

Amount of Investment:

Number of Shares: 500,000

Corresponding dollar amount (\$0.45 multiplied by number of Shares): \$225,000

Accredited Investor Status For Individuals.

(i) 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):

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

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.

<p>Signature: <u>/s/ Steven M. Cohen</u> Print Name: <u>Steven M. Cohen</u> Date: <u>As of September 26, 2005</u></p>	<p>The foregoing subscription is accepted and the Company hereby agrees to be bound by its terms.</p> <p>LADENBURG THALMANN FINANCIAL SERVICES INC.</p> <p>By: <u>/s/ Salvatore Giardina</u> Name: <u>Salvatore Giardina</u> Title: <u>Vice President and Chief Financial Officer</u> Date: <u>As of September 26, 2005</u></p>
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LADENBURG THALMANN FINANCIAL SERVICES INC.
590 Madison Avenue, 34th Floor
New York, NY 10022

As of September 26, 2005

Mr. Steven M. Cohen
19 Linden Lane
Old Westbury, NY 11568

Dear Mr. Cohen:

We are pleased to inform you that Ladenburg Thalmann Financial Services Inc. (the "Company") has granted you the right to purchase, and you have agreed to purchase ("Stock Purchase Obligation"), 2,500,000 shares of the Company's common stock, par value \$.0001 per share (the "Common Stock"), at a purchase price of \$0.53 per share (the shares of Common Stock to be purchased are referred to hereinafter as the "Shares"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the employment agreement, dated as of August 23, 2005, between you and the Company ("Employment Agreement").

1. Subject to the terms hereof, you shall purchase the Shares from time to time on or prior to September 25, 2015 (after which the Stock Purchase Obligation will, to the extent not previously consummated, expire).

2. All Shares must be purchased for cash. While you are an employee of the Company, the Stock Purchase Obligation shall be consummated and you shall purchase Shares only through the use of your compensation (withheld from Employee's net payroll after withholding and applied quarterly to the purchase price for the shares, all in accordance with the Stock Purchase Agreement) in excess of \$1,100,000 payable to you pursuant to the provisions of Paragraph 6(b)(i) of your Employment Agreement per calendar year (pro-rated for a partial calendar year) from and after the Commencement Date. The Company shall withhold such payments from your net payroll after withholding and apply them quarterly to the purchase price for the Shares. Certificates evidencing the Shares shall be issued promptly thereafter. You acknowledge and understand that the Stock Purchase Obligation is not an option and that you are contractually committed to purchase Shares using your compensation in accordance with the terms hereof.

3. In the event that your employment is terminated by reason of your death or Disability, the Stock Purchase Obligation shall remain effective for a period of one year following termination of employment, but not later than September 25, 2015. In the event your employment is terminated for any reason other than death or Disability, the Stock Purchase Obligation shall thereupon terminate; *provided, however*, that if your employment is terminated by the Company without Cause or by you for Good Reason, then the Stock Purchase Obligation

shall remain effective for a period of three months following termination of employment, but not later than September 25, 2015. In the event of your death or Disability, the Stock Purchase Obligation may be consummated and Shares may be purchased by your personal representative or representatives, or by the person or persons to whom your rights under the Stock Purchase Obligation shall pass by will or by the applicable laws of descent and distribution.

4. The Stock Purchase Obligation is not transferable except by will or the applicable laws of descent and distribution. Notwithstanding the foregoing, with the approval of the Compensation Committee, you may transfer the Stock Purchase Obligation (i) (A) by gift, for no consideration, or (B) pursuant to a domestic relations order, in either case, to or for the benefit of your "Immediate Family" (as defined below), or (ii) to an entity in which you and/or members of your Immediate Family own more than fifty percent of the voting interest, in exchange for an interest in that entity, provided that such transfer is being made for estate, tax and/or personal planning purposes and will not have adverse tax consequences to the Company and subject to such limits as the Compensation Committee may establish and the execution of such documents as the Compensation Committee may require. In such event, the transferee shall remain subject to all the terms and conditions applicable to the Stock Purchase Obligation prior to such transfer. The term "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing your household (other than a tenant or employee), a trust in which these persons have more than fifty percent beneficial interest, and a foundation in which these persons (or you) control the management of the assets.

5. In the event of any change in the shares of Common Stock of the Company as a whole occurring as the result of a stock split, reverse stock split, stock dividend payable on shares of Common Stock, combination or exchange of shares, or other extraordinary or unusual event occurring after the date hereof, the Board of Directors of the Company (the "Board") shall make appropriate adjustments in the terms of the Stock Purchase Obligation to preserve the economic interest of the grant. Any such adjustments will be made by the Board, whose determination will be final, binding and conclusive.

6. The Stock Purchase Obligation does not confer on you any right to continue in the employ of the Company or any of its subsidiaries or affiliates or interfere in any way with the right of the Company or its subsidiaries or affiliates to terminate the term of your employment.

7. The Company shall require as a condition to the purchase of any Shares that you pay to the Company, or make other arrangements regarding the payment of, any federal state or local taxes required by law to be withheld as a result of such purchase.

8. Unless at the time of the purchase of any Shares a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon the purchase of any Shares, you agree to execute and deliver to the Company a reasonable certificate to such effect.

9. You agree to abide by all of the Company's policies in effect at the time you acquire any Shares and thereafter, including the Company's Insider Trading Policy, with respect to the ownership and trading of the Company's securities.

10. The Company represents and warrants to you as follows: (i) this Agreement and the Stock Purchase Obligation hereunder have been authorized by all necessary corporate action by the Company and this letter is a valid and binding Agreement of the Company enforceable against the Company in accordance with its terms; (ii) the Company will obtain, at its expense, any regulatory approvals necessary or advisable in connection with the Stock Purchase Obligation or the issuance of the Shares; and (iii) the Company currently has reserved and available, and will continue to have reserved and available during the term of the Stock Purchase Obligation, sufficient authorized and issued shares of its Common Stock for issuance upon purchase by you hereunder.

11. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8 or other applicable form to register under the Act the resale of the Shares purchasable by you.

12. This Agreement contains all the understandings between the Company and you pertaining to the matters referred to herein, and supercedes all undertakings and agreements, whether oral or in writing, previously entered into by the Company and you with respect hereto. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by you and a duly authorized officer of the Company. No waiver by the Company or you of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflicts of laws principles. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Would you kindly evidence your agreement to comply with the provisions hereof by executing this Agreement in the space provided below.

Very truly yours,

LADENBURG THALMANN FINANCIAL
SERVICES INC.

By: /s/ Salvatore Giardina
Salvatore Giardina
Vice President and Chief Financial Officer

AGREED TO AND ACCEPTED:

/s/ Steven M. Cohen
STEVEN M. COHEN

LADENBURG THALMANN FINANCIAL SERVICES INC.
590 Madison Avenue, 34th Floor
New York, NY 10022

As of September 26, 2005

Mr. Steven M. Cohen
19 Linden Lane
Old Westbury, NY 11568

Dear Mr. Cohen:

We are pleased to inform you that Ladenburg Thalmann Financial Services Inc. (the "Company") has granted you the right to purchase, and you have agreed to purchase ("Incentive Stock Purchase Obligation"), 1,000,000 shares of the Company's common stock, par value \$.0001 per share (the "Common Stock"), at a purchase price of \$0.53 per share (the shares of Common Stock to be purchased are referred to hereinafter as the "Shares"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the employment agreement, dated as of August 23, 2005, between you and the Company ("Employment Agreement").

1. Subject to the terms hereof, you shall purchase the Shares from time to time on or prior to September 25, 2015 (after which the Incentive Stock Purchase Obligation will, to the extent not previously consummated, expire).

2. All Shares must be purchased for cash. While you are an employee of the Company, the Incentive Stock Purchase Obligation shall be consummated and you shall purchase Shares only through the use of fifty (50%) of your gross compensation (withheld from Employee's net payroll after withholding and applied quarterly to the purchase price for the shares, all in accordance with the Stock Purchase Agreement), payable to you pursuant to the provisions of Paragraph 6(b)(ii) of your Employment Agreement from and after the Commencement Date. The Company shall withhold such payments from your net payroll after withholding and apply them quarterly to the purchase price for the Shares. Certificates evidencing the Shares shall be issued promptly thereafter. You acknowledge and understand that the Incentive Stock Purchase Obligation is not an option and that you are contractually committed to purchase Shares using your compensation in accordance with the terms hereof.

3. In the event that your employment is terminated by reason of your death or Disability, the Incentive Stock Purchase Obligation shall remain effective for a period of one year following termination of employment, but not later than September 25, 2015. In the event your employment is terminated for any reason other than death or Disability, the Incentive Stock Purchase Obligation shall thereupon terminate; *provided, however*, that if your employment is terminated by the Company without Cause or by you for Good Reason, then the Incentive Stock

Purchase Obligation shall remain effective for a period of three months following termination of employment, but not later than September 25, 2015. In the event of your death or Disability, the Incentive Stock Purchase Obligation may be consummated and Shares may be purchased by your personal representative or representatives, or by the person or persons to whom your rights under the Incentive Stock Purchase Obligation shall pass by will or by the applicable laws of descent and distribution.

4. The Incentive Stock Purchase Obligation is not transferable except by will or the applicable laws of descent and distribution. Notwithstanding the foregoing, with the approval of the Compensation Committee, you may transfer the Incentive Stock Purchase Obligation (i) (A) by gift, for no consideration, or (B) pursuant to a domestic relations order, in either case, to or for the benefit of your "Immediate Family" (as defined below), or (ii) to an entity in which you and/or members of your Immediate Family own more than fifty percent of the voting interest, in exchange for an interest in that entity, provided that such transfer is being made for estate, tax and/or personal planning purposes and will not have adverse tax consequences to the Company and subject to such limits as the Compensation Committee may establish and the execution of such documents as the Compensation Committee may require. In such event, the transferee shall remain subject to all the terms and conditions applicable to the Incentive Stock Purchase Obligation prior to such transfer. The term "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing your household (other than a tenant or employee), a trust in which these persons have more than fifty percent beneficial interest, and a foundation in which these persons (or you) control the management of the assets.

5. In the event of any change in the shares of Common Stock of the Company as a whole occurring as the result of a stock split, reverse stock split, stock dividend payable on shares of Common Stock, combination or exchange of shares, or other extraordinary or unusual event occurring after the date hereof, the Board of Directors of the Company (the "Board") shall make appropriate adjustments in the terms of the Incentive Stock Purchase Obligation to preserve the economic interest of the grant. Any such adjustments will be made by the Board, whose determination will be final, binding and conclusive.

6. The Incentive Stock Purchase Obligation does not confer on you any right to continue in the employ of the Company or any of its subsidiaries or affiliates or interfere in any way with the right of the Company or its subsidiaries or affiliates to terminate the term of your employment.

7. The Company shall require as a condition to the purchase of any Shares that you pay to the Company, or make other arrangements regarding the payment of, any federal state or local taxes required by law to be withheld as a result of such purchase.

8. Unless at the time of the purchase of any Shares a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon the

purchase of any Shares, you agree to execute and deliver to the Company a reasonable certificate to such effect.

9. You agree to abide by all of the Company's policies in effect at the time you acquire any Shares and thereafter, including the Company's Insider Trading Policy, with respect to the ownership and trading of the Company's securities.

10. The Company represents and warrants to you as follows: (i) this Agreement and the Incentive Stock Purchase Obligation hereunder have been authorized by all necessary corporate action by the Company and this letter is a valid and binding Agreement of the Company enforceable against the Company in accordance with its terms; (ii) the Company will obtain, at its expense, any regulatory approvals necessary or advisable in connection with the Incentive Stock Purchase Obligation or the issuance of the Shares; and (iii) the Company currently has reserved and available, and will continue to have reserved and available during the term of the Incentive Stock Purchase Obligation, sufficient authorized and issued shares of its Common Stock for issuance upon purchase by you hereunder.

11. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8 or other applicable form to register under the Act the resale of the Shares purchasable by you.

12. This Agreement contains all the understandings between the Company and you pertaining to the matters referred to herein, and supercedes all undertakings and agreements, whether oral or in writing, previously entered into by the Company and you with respect hereto. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by you and a duly authorized officer of the Company. No waiver by the Company or you of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflicts of laws principles. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Would you kindly evidence your agreement to comply with the provisions hereof by executing this Agreement in the space provided below.

Very truly yours,

LADENBURG THALMANN FINANCIAL
SERVICES INC.

By: /s/ Salvatore Giardina
Salvatore Giardina
Vice President and Chief Financial Officer

AGREED TO AND ACCEPTED:

/s/ Steven M. Cohen
STEVEN M. COHEN

SUBSCRIPTION AGREEMENT AND INVESTOR INFORMATION STATEMENT

Ladenburg Thalmann Financial Services Inc. (the “Company”) and Barry Rabkin (the “Investor”) hereby agree as follows:

1. **Subscription for Securities.** Investor hereby subscribes for and agrees to purchase 1,000,000 shares of Common Stock (“Share(s)”) at \$0.45 per share upon the terms and conditions described in this Agreement.

2. **Investor Deliveries.** On the Closing Date (as hereafter defined), the Investor shall wire to the Company the sum of \$450,000, representing full payment for the Shares. Certificates representing the Shares will be delivered to the Investor as soon thereafter as practicable. “Closing Date” shall mean the date mutually agreed to by the Company and Investor promptly after approval by the American Stock Exchange, but not later than three business days after such approval.

3. **Investor Representations and Warranties.** Investor acknowledges, represents and warrants to the Company as follows:

(a) **Information about the Company.** Investor has read the Company’s recent filings under the Securities Exchange Act of 1934 (“Exchange Act”). Investor has been given access to full and complete information regarding the Company and has utilized such access to his satisfaction for the purpose of verifying the information included in those filings. Investor has 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 Investor’s full satisfaction. Investor has been given an opportunity to obtain any additional relevant information to the extent reasonably available to the Company. Investor has received all information and materials regarding the Company that he has reasonably requested.

(b) **Speculative Investment.** Investor is 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 his investment. Investor acknowledges and is aware that there is no assurance as to the future performance of the Company. Investor has 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 has obtained, in his judgment, sufficient information from the Company to evaluate the merits and risks of an investment in the Company. Investor has not utilized any person as his purchaser representative (as defined in Regulation D) in connection with evaluating such merits and risks and has relied solely upon his own investigation in making a decision to invest in the Company. Investor believes that the investment in the Shares is suitable for him based upon his investment objectives and financial needs, and Investor has adequate means for providing for his current financial needs and contingencies and has no need for liquidity with respect to his investment in the Company.

(c) **Restrictions on Transfer.** Investor understands that (i) the Shares have not been registered under the Securities Act of 1933 (“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 of Shares or made any finding or determination relating to the fairness of an investment in the Company, and (iii) the Company is relying on his 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. Investor understands and agrees 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. Investor acknowledges that, notwithstanding the Company's commitment described below in Section 4, there can be no assurance that the Company will be able to keep the Registration Statement (defined below) effective until he sells the Shares registered thereon.

(d) **No Market for Shares.** Investor is purchasing the Shares for his 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. Investor understands that, although there is a public market for the Shares, there is no assurance that such market will continue.

4. **Registration Rights.** Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8 or other applicable form to register under the Act the resale of the Shares.

5. **Lock-up and Insider Trading Policy.** The Investor agrees that he will not sell, assign or transfer any of the Shares until November 15, 2005, except to an Immediate Family Member who shall agree to continue to be bound by this restriction. Investor understands that he will be required to abide by all of the Company's policies in effect, including the Company's Insider Trading Policy, with respect to the ownership and trading of the Company's securities.

6. **Indemnification.** Investor hereby agrees 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 Investor and contained herein or (b) arise out of or are based upon any breach by Investor of any representation, warranty or agreement made by him contained herein.

7. **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.

8. **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.

9. **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.

10. **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 Investor's residence 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 10022A
Attn: Salvatore Giardina, Chief Financial Officer

11. **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. 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.

12. **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.

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

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

Name: Barry Rabkin

Residence Address: _____

Telephone: (H) _____ (W) _____ (Cell) _____

Social Security Number: _____

Amount of Investment:

Number of Shares: 1,000,000

Corresponding dollar amount (\$0.45 multiplied by number of Shares): \$450,000

Accredited Investor Status For Individuals.

(i) 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):

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

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.

<p>Signature: <u>/s/ Barry Rabkin</u> Print Name: <u>Barry Rabkin</u> Date: <u>As of August 12, 2005</u></p>	<p>The foregoing subscription is accepted and the Company hereby agrees to be bound by its terms.</p> <p>LADENBURG THALMANN FINANCIAL SERVICES INC.</p> <p>By: <u>/s/ Salvatore Giardina</u> Name: <u>Salvatore Giardina</u> Title: <u>Vice President and Chief Financial Officer</u> Date: <u>As of August 12, 2005</u></p>
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