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**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**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 21, 2006**

**LADENBURG THALMANN FINANCIAL**  
**SERVICES INC.**

(Exact Name of Registrant as Specified in Charter)

Florida

(State or Other Jurisdiction  
of Incorporation)

1-15799

(Commission File Number)

65-0701248

(IRS Employer  
Identification No.)

153 East 53<sup>rd</sup> Street, New York, New York

(Address of Principal Executive Offices)

10022

(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 1.01 Entry into a Material Definitive Agreement.**

On September 21, 2006, Ladenburg Thalmann Financial Services Inc. (the “Company”) entered into a letter agreement with Vector Group Ltd. (“Vector”). Pursuant to the agreement, Vector has agreed to make available to the Company the services of Richard J. Lampen, Vector’s Executive Vice President, to serve as the Company’s President and Chief Executive Officer and to provide certain other financial and accounting services, including assistance with complying with Section 404 of the Sarbanes-Oxley Act of 2002. In consideration for such services, the Company will pay Vector an annual fee of \$250,000, plus any direct, out-of-pocket costs, fees and other expenses incurred by Vector or Mr. Lampen in connection with providing such services, and will indemnify Vector. The agreement is terminable by either party upon 30 days’ prior written notice.

### **Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.**

See Item 1.01, which is incorporated herein by reference.

### **Item 5.05 Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

On September 26, 2006, the Company entered into a month-to-month lease agreement with Frost Real Estate Holdings, LLC (“FREH”), an entity affiliated with Dr. Phillip Frost, the Company’s Chairman of the Board and principal shareholder. The month-to-month lease agreement is for space in an office building in Miami, Florida owned by FREH where the Company’s corporate headquarters and a branch office will be located. The agreement provides for payments of \$7,523 per month. It is the Company’s intention to enter into a long-term lease agreement with this entity for this and certain additional space in the building once the parties fully negotiate the terms of such long-term agreement. The Company has determined that the rental rate was at market for the space to be leased and, accordingly, that the lease is as fair as would have been obtained from an unaffiliated third party. The Company’s Board of Directors and Audit Committee (the committee responsible for reviewing and approving all related party transactions) approved the Company entering into lease arrangements with FREH and granted an exception under the Company’s Code of Business Conduct and Ethics in order to permit the Company to enter into such arrangements.

### **Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits.

10.1 Letter Agreement, dated September 14, 2006, between Ladenburg Thalmann Financial Services Inc. and Vector Group Ltd.

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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 27, 2006

LADENBURG THALMANN FINANCIAL SERVICES  
INC.

By: /s/ Diane Chillemi  
Name: Diane Chillemi  
Title: Vice President and Chief Financial  
Officer



**LADENBURG THALMANN FINANCIAL SERVICES INC.**  
**153 East 53rd Street**  
**New York, New York 10022**

September 14, 2006

Vector Group Ltd.  
100 S.E. Second Street  
Miami, Florida 33131  
Attn.: Howard M. Lorber, President

Gentlemen:

This letter agreement will confirm the understanding between Ladenburg Thalmann Financial Services Inc. ("Company"), a Florida corporation with offices at 153 East 53rd Street, New York, New York 10022, and Vector Group Ltd. ("VGL"), a Delaware corporation with offices at 100 S.E. Second Street, Miami, Florida 33131, under which VGL will provide certain services to the Company.

As reasonably requested by the Company, VGL will provide the following services ("Services") to the Company: (i) VGL will make available to the Company the services of Richard J. Lampen, VGL's Executive Vice President, to serve as the Company's Chief Executive Officer; and (ii) VGL will provide, upon request of the Company, such other financial and accounting resources, including assistance in complying with Section 404 of the Sarbanes-Oxley Act of 2002.

In consideration of the Services, the Company shall pay VGL an annual fee of \$250,000, payable in quarterly installments of \$62,500 in advance, commencing September 1, 2006. Additionally, VGL shall be entitled to recover all direct, out of pocket costs, fees and other expenses incurred by VGL or Mr. Lampen in connection with the Services.

The Company shall indemnify, defend and hold harmless VGL from and against any loss, liability, claim, demand, action, suit, proceeding, judgment, penalty, government investigation or expense (including reasonable attorneys' fees), whether or not involving a third-party claim, proceeding, demand, or liability of any kind, (collectively, "Damages") arising, directly or indirectly, or alleged to arise, directly or indirectly, in anyway out of the provision of services by Mr. Lampen hereunder.

VGL shall provide the Company with reasonably prompt written notice of a claim for any Damages or the commencement of any claim, demand, proceeding, action or suit (collectively, "Proceeding"). Any failure to notify the Company will not relieve the Company of its indemnification obligation hereunder except to the extent that the Company demonstrates that the defense of a Proceeding by the Company was materially prejudiced by failure or delay to give such notice. The Company shall diligently assume the defense, including payment thereof, of any Proceeding through counsel selected by the Company (and not reasonably objected to by VGL). The Company shall have the right to compromise or settle such matters (and VGL shall not have such right) provided however, that no compromise or settlement of any such Proceeding may be effected by the Company without the consent of VGL, such consent not to be unreasonably withheld or delayed, unless (a) there is no finding or admission of any violation of law by VGL and (b) the sole remedy provided thereunder is monetary damages which will be paid in full by the Company and the Company demonstrates the capacity to do so.

Our agreement will commence on September 6, 2006 and will terminate upon not less than 30 days' prior written notice by either of us.

Please indicate your acceptance by signing this letter in the space provided below.

LADENBURG THALMANN  
FINANCIAL SERVICES INC.

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By: /s/ Diane Chillemi  
Name: Diane Chillemi  
Title: Vice President and Chief Financial Officer

ACCEPTED AND AGREED TO:

VECTOR GROUP LTD.

By: /s/ Howard M. Lorber  
Name: Howard M. Lorber  
Title: President and Chief Executive Officer