
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

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 6, 2006

**LADENBURG THALMANN FINANCIAL SERVICES
INC.**

(Exact Name of Registrant as Specified in Charter)

<u>Florida</u> (State or Other Jurisdiction of Incorporation)	<u>1-15799</u> (Commission File Number)	<u>65-0701248</u> (IRS Employer Identification No.)
<u>4400 Biscayne Boulevard, 12th Floor, Miami, Florida</u> (Address of Principal Executive Offices)		<u>33137</u> (Zip Code)

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

153 East 53rd Street, New York, New York 10022

(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 October 18, 2006, Ladenburg Thalmann Financial Services Inc. (the "Company") consummated the transactions contemplated by the previously reported agreement and plan of merger ("Merger Agreement"), dated as of September 6, 2006, among the Company, Telluride Acquisition, Inc. ("Merger Sub"), a wholly owned subsidiary of the Company, Telluride Holdings, Inc. ("Telluride") and each of James S. Cassel, Scott Salpeter and Barry Steiner, the stockholders of Telluride (collectively, the "Stockholders"). Telluride is a Florida holding company that operates principally through its subsidiary, Capitalink, L.C. ("Capitalink"). Capitalink is an investment banking firm focused on providing services to middle market and emerging growth companies. Pursuant to the Merger Agreement, Telluride merged with and into Merger Sub (the "Merger"), with Merger Sub continuing as the surviving company and becoming a wholly owned subsidiary of the Company. In exchange for all the capital stock of Telluride, the Company issued to the Stockholders (two-thirds of which were placed in escrow, as described below) (i) 4,000,000 shares ("Shares") of the Company's common stock, (ii) ten-year warrants ("Warrants") to purchase 2,900,000 shares ("Warrant Shares") of the Company's common stock at an exercise price of \$0.96 per share and (iii) \$1,000,000 in cash. The Company has agreed to register for re-sale the Shares and the Warrant Shares by the first anniversary of the Closing.

Effective October 18, 2006, Ladenburg Thalmann & Co. Inc. ("Ladenburg"), the Company's principal operating subsidiary, entered into three-year employment agreements with each of Messrs. Cassel, Salpeter and Steiner. Mr. Cassel will serve as Vice Chairman, Senior Managing Director and Head of Investment Banking of Ladenburg, and each of Messrs. Salpeter and Steiner will serve as Managing Directors — Investment Banking of Ladenburg.

Of the consideration issued to the Stockholders in the Merger, (x) 2,666,666 of the Shares, (y) Warrants to purchase 1,943,000 of the Warrant Shares and (z) \$666,666.67 in cash (collectively referred to as the "Escrow Amount") has been placed in escrow. One-half of the Escrow Amount will be released to the Stockholders on June 3, 2007 and one-half of the Escrow Amount will be released to the Stockholders on January 18, 2008; provided, however, that (i) if any of such Stockholder's employment is terminated by Ladenburg "without cause," or by the Stockholder for "good reason," or upon his death or disability, or if a change of control of the Company occurs (each an "Acceleration Event"), then such Stockholder's pro rata portion of the Escrow Amount will be released to him; and (ii) if any of such Stockholder's employment is terminated for any reason other than as a result of an Acceleration Event, then such Stockholder's pro rata portion of the Escrow Amount will be returned to the Company.

On October 23, 2006, the Company and Ladenburg Thalmann & Co. Inc., the Company's principal operating subsidiary ("Ladenburg"), entered into an amendment to the employment agreement with Mark Zeitchick, the Company's Executive Vice President and Ladenburg's President and Chief Executive Officer. The amendment provides for Mr. Zeitchick's to receive a base salary of \$250,000 per year and a percentage of Mr. Zeitchick's retail brokerage production in accordance with the Company's standard policies. The agreement shall continue through December 31, 2006 and be automatically renewed for successive one year periods unless either party provides 30 days' prior notice to the other of its intention not to renew the agreement.

The summary of the foregoing transactions are qualified in their entirety by reference to the text of the agreements, which are attached as exhibits hereto and are incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

See Item 1.01, which is incorporated by reference herein.

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 by reference herein.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

- 10.1 Agreement and Plan of Merger, dated as of September 6, 2006, between Ladenburg Thalmann Financial Services Inc., Telluride Acquisition, Inc., Telluride Holdings, Inc. and the stockholders of Telluride Holdings, Inc.*
- 10.2 Form of Warrant to be issued to the stockholders of Telluride Holdings, Inc.*
- 10.3 Amendment to Employment Agreement between Ladenburg Thalmann Financial Services Inc., Ladenburg Thalmann & Co. Inc. and Mark Zeitchick
- 99.1 Press release dated September 7, 2006*
- 99.2 Press release dated October 19, 2006

* Previously filed.

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: October 24, 2006

LADENBURG THALMANN FINANCIAL SERVICES
INC.

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

AMENDMENT TO EMPLOYMENT AGREEMENT

WHEREAS LADENBURG THALMANN FINANCIAL SERVICES INC. (formerly known as GBI Capital Management Corp.) (“LTFS”) and LADENBURG CAPITAL MANAGEMENT INC. (formerly known as GBI Capital Partners Inc.) (“LCMP”) and MARK ZEITCHICK (the “Executive”) have entered into an EMPLOYMENT AGREEMENT, dated as of August 24, 1999 (“Original Agreement”), a first amendment to the Agreement dated February 8, 2001, a letter amendment dated February 8, 2001, a letter amendment dated May 7, 2001, a second amendment dated August 30, 2001 (dated August 31, 2001 in the Form 8-K/A filed on September 10, 2001 by LTFS, as hereafter defined), a letter amendment dated October 10, 2002, an amendment in December 2003, and an August 5, 2004 amendment (together, the “Amended Agreement”); and

WHEREAS the parties desire to enter into a further amendment;

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows (“this Agreement”):

1. Term of Employment. The term of the Executive’s employment under this Agreement shall be through December 31, 2006 (the “Initial Term”) and shall automatically renew for one year terms (as so renewed, the “Term”) unless any party provides notice in writing, at least 30 days prior to the end of the Initial Term or any renewal thereof to the other parties of its/his intention not to renew.

2. Duties of Employment. The Executive hereby agrees that, effective September 1, 2006, he will serve as Executive Vice President of LTFS and the Chief Executive Officer and President of Ladenburg Thalmann & Co. Inc. (“LTCI”), a wholly owned subsidiary of LTFS.

3. Compensation and Other Benefits.

3.1 The Executive will receive compensation as follows: (a) Effective September 1, 2006, the full base compensation for services to be rendered by the Executive hereunder (including Executive’s service as an LTFS director) that LTCI shall

pay to the Executive shall be a base salary (gross pretax) at an annual rate of \$250,000.00, in accordance with usual payroll practices for executives (“Base Salary”); and (b) On a monthly basis Executive will receive a payout on all of Executive’s retail brokerage production in accordance with standard LTCI procedures on terms no less favorable than those currently in effect as of the date of this Agreement, but in no event less than 50%. LTCI shall withhold or cause to be withheld from the Base Salary and other amounts hereunder all taxes and other amounts as are required by law to be withheld in its customary manner.

3.2 Bonus. Executive shall be entitled to such annual discretionary bonuses as LTFS’ Board of Directors or its Compensation Committee, in its discretion, deems appropriate.

3.3 Participation in Insurance and Other Plans. Section 5(A) of the Original Agreement, as amended in the Amended Agreement, is deleted in its entirety. The Company shall pay for all premiums necessary to maintain medical insurance for the Executive and his family, providing coverage no less extensive than those in effect on the date hereof, and pay for any required deductibles under such insurance, during the Term and for the earlier of (i) two years thereafter or (ii) until Executive receives similar coverage, without pre-existing condition limitations, after the expiration of any waiting periods, from a subsequent employer. In addition, Executive and his family shall be entitled to participate, on terms no less beneficial than those afforded to other executives of the Company at the applicable date, in such other benefits as may be extended to active employees of LTFS and/or LTCI and their families including but not limited to pension, retirement, profit-sharing, 401(k), stock option, bonus and incentive plans, group insurance, hospitalization, medical or other benefits made available by the Company to its employees and/or its executives generally. During the Term, the Executive shall be promptly reimbursed, up to a maximum of \$20,000 per year, for all out-of-pocket expenses, including expenses for spouse and children, not reimbursed under the LTCI health insurance plan.

3.4 Office. During the Term, the Executive shall be provided with a private office at the Company's Miami, Florida or Boca Raton, Florida branch office.

3.5 Indemnification. Both (a) the existing Indemnification Agreement entered into on February 7, 2001 in favor of the Executive (copy annexed) and (b) Section 5(C) and 8 of the Original Agreement as amended in the Amended Agreement in favor of the Executive, and any and all other indemnification provisions provided in the Amended Agreement in favor of the Executive (together, "the Indemnification Agreements") shall remain in effect as joint and several obligations of LTFS, LTCI and LCMI.

3.6 Amenities. During the Term, the Executive shall be provided at LTCI's expense with a desktop computer, and market data service; LTCI shall pay Executive's applicable securities registration and licensing costs.

4. Confidentiality, Etc.

INTENTIONALLY OMITTED.

5. Termination.

5.1 If this Agreement is terminated for any reason, the Company shall be obligated to pay to the Executive, within 30 days of such termination, all sums due to Executive under the Amended Agreement, as amended hereby, to the extent they have not yet been paid, without offset or deduction other than required withholding amounts.

5.2 In the event of the Executive's death during the Term, this Agreement shall be terminated, except that the Company shall pay to the Executive's spouse or designated beneficiary, if he is survived by a spouse or designated beneficiary, or if not, to his estate, for one year from the date of death (which may extend beyond the Term), to the extent not already paid: (1) the Compensation and other payments due under the Amended Agreement, as amended hereby, if any, to the extent not already paid; and (2) benefits under sections 3.3 of this Agreement.

5.3 For the avoidance of doubt, the following provisions of this Agreement shall survive the termination of Executive's employment for any reason: Sections 3.1, 3.2, 3.3, 3.4, 4, 5 and 7.

6. Non-Assignment. This Agreement and all of the Executive's rights and obligations hereunder are personal to the Executive and shall not be assignable; provided, however, that upon his death all of the Executive's rights to cash payments under this Agreement shall inure to the benefit of his widow, personal representatives, designees or other legal representatives, as the case may be. Any person, firm or corporation succeeding to the business of the Company by merger, purchase, consolidation or otherwise may assume by contract or operation of law the obligations of the Company hereunder, provided, however, that the Company shall, notwithstanding such assumption, remain liable and responsible for the fulfillment of its obligations under this Agreement. This Agreement shall be binding upon the parties, their successors, heirs, administrators and permitted assigns.

7. Guaranty. LTFS, LTCI and LCMI shall be jointly and severally responsible for and guarantee the obligations hereunder of LTCI and LCMI.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally,

telegraphed, telexed, or sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mail, as follows:

(i) if to the Company, to:

Ladenburg Thalmann & Co. Inc.
153 East 53rd Street, 49th floor
New York, NY 10022
Attention: Joseph Giovanniello, Jr.

(ii) if to the Executive, to:

Mr. Mark Zeitchick
961 Hyacinth Drive
Del Ray Beach, Florida 33483

Any party may change its address for notice hereunder by written notice to the other party hereto.

8.2 Entire Agreement. Except as expressly herein amended, all other provisions of the Amended Agreement shall remain in full force and effect. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior representations, warranties and agreements, written or oral, with respect thereto.

8.3 Waivers and Agreements. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

8.4 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of New York, without regard to its principle of conflicts of law.

8.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but both of which together shall constitute one and the same instrument.

8.6 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

9. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, this Agreement is effective as of September 1, 2006.

Ladenburg Thalmann Financial Services Inc.

By: /s/ Joseph Giovanniello

Ladenburg Thalmann & Co. Inc

By: /s/ Joseph Giovanniello

Ladenburg Capital Management Inc.

By: /s/ Joseph Giovanniello

/s/ Mark Zeitchick

MARK ZEITCHICK



FOR IMMEDIATE RELEASE

Contact:

For Ladenburg

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212/687-8080

Contact:

For Capitalink

Phil Weinbach

The Weinbach Group, Inc.

305/668-0070

LADENBURG THALMANN COMPLETES ACQUISITION OF CAPITALINK

**Acquisition Expands Ladenburg's Investment Banking Capability and
Bolsters the Firm's Position in the South Florida Market**

MIAMI, FL, October 19, 2006 — Ladenburg Thalmann Financial Services Inc. (AMEX: LTS) ("Ladenburg") announced today that it has completed the previously announced acquisition of South Florida-based Capitalink, LC, one of the nation's top-ranked middle-market investment banking firms. The addition of Capitalink, which has earned national recognition for its expertise in the broad range of independent and objective investment banking services it provides to middle-market and emerging growth companies, expands the investment banking capabilities of Ladenburg, one of the nation's oldest financial services firms.

Also, as previously announced, James S. Cassel, President of Capitalink, has been named Vice Chairman, Senior Managing Director and Head of Investment Banking of Ladenburg Thalmann & Co. Inc. ("Ladenburg Thalmann"), Ladenburg's broker-dealer subsidiary. Scott E. Salpeter and Barry E. Steiner, senior bankers at Capitalink, have been appointed Managing Directors — Investment Banking of Ladenburg Thalmann. Also, Kevin J. Gordon, John C. Mackle and Renée S. Grossman have joined Ladenburg Thalmann as Directors — Investment Banking.

"We are pleased to combine Capitalink, one of the nation's top ranked middle-market investment banking firms, with Ladenburg. The addition of Capitalink furthers our long-term strategy and significantly enhances our investment banking capabilities in Florida, a key location for middle-market and emerging companies," said Dr. Phillip Frost, Chairman of the Board of Ladenburg.

Richard J. Lampen, President and Chief Executive Officer of Ladenburg, added: “With our new headquarters in Miami and the recent acquisition of Capitalink, we will be well positioned to take advantage of the many growth opportunities in South Florida. We look forward to working with Jim and all of the talented Capitalink employees.”

Mr. Cassel said, “The Capitalink team is thrilled to be part of Ladenburg Thalmann and we are confident that together we will be well positioned to provide a wide range of enhanced benefits to our current and future clients.”

About Capitalink, LC

Capitalink, LC provides publicly and privately held businesses and emerging growth companies with a broad range of objective and independent investment banking and advisory services. Capitalink’s services include strategic financial guidance and hands-on assistance in mergers and acquisitions; financial transaction analysis and rendering fairness opinions; performing valuations; restructuring; raising capital; commercial bank financing and other corporate financing activities. Capitalink is a member of M&A International, Inc., , the largest global network of mid-market merger and acquisition transaction specialists, with more than 300 professional advisors at 41 member firms in 36 countries on five continents. See www.Capitalinklc.com.

About James S. Cassel

James Cassel is a founder and President of Capitalink. He has extensive transactional and corporate finance experience, and has negotiated, structured and executed various types of transactions including mergers, acquisitions and divestitures; corporate and transactional financing, including venture capital, mezzanine and conventional financing; and public offerings and private placements. Prior to founding Capitalink, he was President of Catalyst Financial. He was also the Managing Partner of the Miami office and served on the executive committee of Broad and Cassel, one of Florida’s largest law firms, where he founded and led the firm’s corporate/securities practice. Mr. Cassel serves on the Board of Directors of Equity One, Inc. (NYSE: EQY), a New York Stock Exchange listed company, and frequently lectures on timely issues relating to middle market investment banking. He has served on boards of directors of several other companies, in addition to the National Investment Banking Association, an organization of middle market investment banking firms. His professional involvements have also included membership in the American Association of Arbitrators, and the NASD Board of Arbitrators. Mr. Cassel is a past President of the South Florida Chapter of the Association for Corporate Growth.

About Ladenburg Thalmann

Ladenburg Thalmann Financial Services is engaged in retail and institutional securities brokerage, investment banking and asset management services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc. Founded in 1876 and a New York Stock Exchange member since 1879, Ladenburg Thalmann & Co. is a full service investment banking and brokerage firm based in New York City, with regional offices in Boca Raton, Florida; Los Angeles, California; Melville, New York; Lincolnshire, Illinois; and Princeton, New Jersey. Ladenburg provides various services including corporate finance, asset management, brokerage, trading and research, principally for middle market and emerging growth companies and high net worth individuals. See www.Ladenburg.com.

Forward Looking Statements

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive and/or regulatory factors, and other risks and uncertainties affecting the operation of the business of the Company. These risks, uncertainties and contingencies include those set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, its quarterly report for the period ended June 30, 2006 and other factors detailed from time to time in its other filings with the Securities and Exchange Commission. The information set forth herein should be read in light of such risks. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

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