SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3 to
Form 8-K
on
FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 8, 2001

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, New York, New York	10022
(Address of Principal Executive Offices)	(Zip Code)

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

N/A
(Former Name or Former Address, if Changed Since Last Report)

<Page>

Item 5. Other Events

Purchase Agreement and Loan Agreement Adjustments

On August 31, 2001, pursuant to the terms of the adjustment provisions

contained in the previously reported Stock Purchase Agreement ("Purchase Agreement"), dated February 8, 2001, as amended, among Ladenburg Thalmann Financial Services Inc. ("Company"), New Valley Corporation ("New Valley"), New Valley Capital Corporation (f/k/a Ladenburg, Thalmann Group Inc.) ("NVCC"), Berliner Effektengesellschaft AG ("Berliner") and Ladenburg, Thalmann & Co. Inc. ("Ladenburg"), and the previously reported Loan Agreement ("Loan Agreement"), dated as of February 8, 2001, as amended, between the Company and Frost-Nevada, Limited Partnership ("Frost-Nevada"):

- the Company issued 4,034,462 additional shares of the Company's common stock to NVCC and 1,002,319 additional shares of the Company's common stock to Berliner;

- the conversion price of the senior convertible promissory notes issued by the Company to NVCC and Berliner was decreased from $2.60 to approximately $2.08; and

- the conversion price of the senior convertible promissory note issued by the Company to Frost-Nevada was decreased from $2.00 to approximately $1.54.

As a result of the adjustment provisions of the Purchase Agreement and Loan Agreement, the Company now has 42,025,211 shares of common stock outstanding and New Valley, Berliner and Frost-Nevada now beneficially own approximately 57.6%, 13.0% and 16.3%, respectively, of the Company's common stock (including the shares that may be acquired by New Valley and Frost-Nevada pursuant to the Warrants discussed below).

Further Amendments to Purchase Agreement and Loan Agreement

On the same date, the Company entered into an Amendment No. 2 to the Purchase Agreement ("Purchase Agreement Amendment") and an Amendment No. 2 to the Loan Agreement ("Loan Agreement Amendment"). The amendments provide that the Company may be required to issue an additional number of shares of common stock, and the conversion price of the notes issued by the Company to NVCC, Berliner and Frost-Nevada may be required to be decreased, on or about May 7, 2003 pending a final resolution of all pre-closing litigation adjustments.

Employment Agreement Amendments

On the same date, the Company entered into Second Amendments ("Employment Amendments") to the Employment Agreements, dated August 24, 1999, as amended, with each of Richard J. Rosenstock, Mark Zeitchick, Vincent A. Mangone and Joseph Berland. Pursuant to the Employment Amendments, effective August 1, 2001:

- Mr. Rosenstock will (i) receive 0.25% of all retail and institutional brokerage commissions generated from the brokers in the offices of GBI Capital Partners Inc., the Company's wholly owned subsidiary, located in Bethpage, New York and New York, New York (Cortlandt Street) and (ii) be entitled to participate in the Company's Special Performance Incentive Plan ("Plan") (to the extent provided for in Mr. Rosenstock's Employment Amendment) in exchange for Mr. Rosenstock relinquishing his right to receive a $250,000 per year guaranteed bonus and reducing his base salary by $160,000 per year;

- Messrs. Zeitchick's and Mangone's base salaries will be reduced by $30,000 per year each and their aggregate participation in the Plan will be reduced by an amount equal to Mr. Rosenstock's participation in the Plan, as set forth in each of their Employment Amendments; and

- Mr. Berland's base salary shall be reduced by $30,000 per year.

Loans to the Company

On the same date, New Valley and Frost-Nevada each loaned ("Loans") the Company $1,000,000. The Loans are evidenced by promissory notes (collectively, the "Notes") that mature on the earlier of (i) February 28, 2002 and (ii) the next business day after the Company receives its federal income tax refund for the fiscal year ending September 30, 2001. The Notes bear interest at the Prime Rate as published in the Wall Street Journal plus 1%. The Notes state that the Company will not, so long as any amount under the Notes remains outstanding and unpaid, incur or assume any indebtedness that is not subordinated in all respects to the Notes without the prior written consent of the holder. As consideration for the Loans, the Company issued to each of New Valley and Frost-Nevada a five-year, immediately exercisable warrant (collectively, the "Warrants") to purchase 100,000 shares of the Company's common stock at an exercise price of $1.00 per share.

Investor Rights Agreement Amendment

On the same date, in connection with the Loans, the Company entered into an amendment (the "IRA Amendment") to the previously reported Investor Rights Agreement ("IRA"), dated as of February 8, 2001, among the Company, New Valley, NVCC, Berliner, Frost-Nevada and The Principals (as such term is defined in the IRA). The IRA originally required the Company to file, and have declared effective, a registration statement (the "Registration Statement") covering resales of certain shares of common stock on or before November 7, 2001. The IRA Amendment removed this time limitation and requires the Company to file the Registration Statement as soon as practicable following the date of the IRA Amendment. Additionally, the Company agreed to include in the Registration Statement the common stock issuable upon exercise of the Warrants.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

(c) Exhibits

Exhibit Number	Description
4.1	Amendment No. 2 to the Stock Purchase Agreement, dated February 8, 2001, as amended, by and among the Company, New Valley Corporation, New Valley Capital Corporation, Berliner Effektengesellschaft AG and Ladenburg, Thalmann & Co. Inc.
4.2	Form of Senior Convertible Promissory Note, as amended, issued to New Valley Capital Corporation and Berliner Effektengesellschaft AG
4.3	Senior Convertible Promissory Note, as amended, issued to Frost-Nevada, Limited Partnership
4.4	Form of Promissory Note issued to New Valley Corporation and Frost-Nevada, Limited Partnership

<Page>

10.1 Amendment No. 2 to the Loan Agreement, dated as of February 8, 2001, as amended, between the Company and Frost-Nevada, Limited Partnership

10.2 Second Amendment to the Employment Agreement, dated August 24, 1999, as amended, among the Company, GBI Capital Partners Inc. and Richard J. Rosenstock

10.3 Second Amendment to the Employment Agreement, dated August 24, 1999, as amended, among the Company, GBI Capital Partners Inc. and Mark Zeitchick

10.4 Second Amendment to the Employment Agreement, dated August 24, 1999, as amended, among the Company, GBI Capital Partners Inc. and Vincent A. Mangone

10.5 Second Amendment to the Employment Agreement, dated August 24, 1999, as amended, among the Company, GBI Capital Partners Inc. and Joseph Berland

10.6 Form of Warrant issued to New Valley Corporation and Frost-Nevada, Limited Partnership

10.7 Letter Amendment to the Investor Rights Agreement, dated as of February 8, 2001, among the Company, New Valley Corporation, New Valley Capital Corporation, Berliner Effektengesellschaft AG, Frost-Nevada, Limited Partnership and The Principals

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SIGNATURES

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

Dated: September 10, 2001 LADENBURG THALMANN FINANCIAL SERVICES INC.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III
Chief Financial Officer

<Page>

EXHIBIT INDEX

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EXHIBIT 4.1

AMENDMENT NO. 2 TO STOCK PURCHASE AGREEMENT

AMENDMENT NO. 2 dated August 31, 2001 ("Amendment No. 2") to STOCK PURCHASE AGREEMENT, dated February 8, 2001 ("Stock Purchase Agreement"), among LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI CAPITAL MANAGEMENT CORP.), NEW VALLEY CORPORATION, NEW VALLEY CAPITAL CORPORATION (f/k/a LADENBURG, THALMANN GROUP INC.), BERLINER EFFEKTENGESELLSCHAFT AG and LADENBURG, THALMANN & CO., INC.

WHEREAS, the Parties have entered into the Stock Purchase Agreement and the Amendment No. 1 to the Stock Purchase Agreement, dated April 25, 2001 ("Amendment No. 1") and desire to further amend the Stock Purchase Agreement in certain respects as set forth herein (capitalized terms used herein that are defined in the Stock Purchase Agreement or Amendment No. 1 shall have the same meanings herein as in the Stock Purchase Agreement or Amendment No. 1);

IT IS AGREED:

1. Section 2.4 of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"2.4 Net Worth Adjustment.

(a) As used in this Section 2.4:

(i) "Initial Purchase Price Adjustment Percentage" means the amount (expressed as a decimal) obtained by dividing the Net Closing Book Differential by $21,263,080.

(ii) "Net Closing Book Differential" means the amount obtained by subtracting the Ladenburg Book Differential from the GBI Book Differential.

(iii) "GBI Book Differential" means the amount obtained by subtracting the Adjusted Total Stockholders' Equity of the Purchaser on the last day of the calendar month immediately preceding the month in which the Closing occurs from $21,263,080.

(iv) "Ladenburg Book Differential" means the amount obtained by subtracting the Total Ownership Equity of Ladenburg on the last day of the calendar month immediately preceding the month in which the Closing occurs from $29,642,000.

(v) "Adjusted Total Stockholders' Equity" means the amount obtained by taking the sum of (1) the stockholders' equity of the Purchaser as of the last day of the calendar month immediately preceding the month in which the Closing occurs, based in part on the Total Ownership Equity of the Purchaser's subsidiary, GBI Capital Partners Inc. ("GBICP"), and (2) all out-of-pocket expenses incurred through such date by the Purchaser in connection with the Stock Purchase Agreement and the related transactions to the extent such expenses reduce the Purchaser's stockholders' equity.

(vi) "Total Ownership Equity" means the amount referred to as "total ownership equity" in the Focus Reports referred to in subparagraph (b) below.

(vii) "Final Purchase Price Adjustment Percentage"

means the amount (expressed as a decimal) obtained by dividing the Final Net Closing Book Differential by $21,263,080.

(viii) "Final Net Closing Book Differential" means the amount obtained by subtracting the Ladenburg Book Differential (as determined in the Memorandum referred to below) from the Final GBI Book Differential.

(ix) "Final GBI Book Differential" means the amount obtained by subtracting the Final Adjusted Total Stockholders' Equity of the Purchaser (as calculated as of May 7, 2003) from $21,263,080.

(x) "Final Adjusted Stockholders' Equity" means the amount obtained by subtracting the sum of the litigation adjustments set forth on the attached Schedule 2.4 from the Adjusted Total Stockholders' Equity.

(b) Promptly after the Closing, the individuals then serving as the chief financial officers of Ladenburg and Purchaser ("Chief Financial Officers") cooperated with each other to calculate the Initial Purchase Price Adjustment Percentage. The Focus Reports for Ladenburg and GBICP were prepared, and the stockholders' equity of the Purchaser was determined, in accordance with GAAP, applied consistently as in the Financial Statements and the Purchaser Financial Statements. Upon completion of the calculation of the Initial Purchase Price Adjustment Percentage, the number of shares to be issued to the Sellers and the conversion price of the Notes to be issued to the Sellers shall be adjusted (the "Initial Issuance Adjustment") as follows:

(i) The number of shares of Purchaser Common Stock to be issued to the Sellers shall be increased from 18,181,818 to the Total New Shares and the Purchaser shall issue to the Sellers certificates representing the Total New Shares less 18,181,818. "Total New Shares" shall mean the quotient obtained by taking (x) a numerator of 25,000,000 over (y) a denominator of (1) 1.375 less (2) the product of 1.375 and the Initial Purchase Price Adjustment Percentage. Notwithstanding the foregoing, if the issuance to LTGI of any additional shares of Purchaser Common Stock pursuant to this Section 2.4(b)(i) (and Section 2.4(e)) shall, when taken together with all other shares of Purchaser Common Stock issued to LTGI as part of the Purchase Price, require compliance with the notification provisions of the HSR Act, the Purchaser shall issue to LTGI only that number of shares of Purchaser Common Stock as shall not require such compliance and the Purchaser shall not be obligated to issue any further additional shares of Purchaser Common Stock to LTGI until such compliance has been effected.

(ii) The conversion price of the Notes, as amended by Amendment No. 1 and hereby, a copy of which is annexed hereto as Exhibit A, shall be decreased by the amount obtained by taking the product of $2.60 and the Initial Purchase Price Adjustment Percentage. Notwithstanding the foregoing, the conversion price of the Notes may not be decreased below a price that would

result in the total number of additional shares of Purchaser Common Stock being issuable upon conversion of the Notes as a result of such adjustment, when added to the additional number of shares of Purchaser Common Stock being issued to the Sellers under subsection (i) above, exceeding 80% of the sum of (x) the number of additional shares to be issued and issuable to the Sellers under this Section 2.4(b) and (y) the number of additional shares of Purchaser Common Stock issuable to Frost as a result of the Conversion Price Adjustment (as such term is defined in the Loan Agreement, dated as of February 8, 2001, as amended, between the Purchaser and Frost).

(c) Upon completion of calculating the Initial Purchase Price Adjustment Percentage and the Initial Issuance Adjustment, such calculations were submitted to the Enforcement Committee, New Valley and Berliner.

(d) By execution of this Amendment No. 2, the Enforcement Committee, New Valley and Berliner have approved such calculations of the Initial Purchase Price Adjustment Percentage and the Initial Issuance Adjustment. Accordingly, simultaneously herewith, Purchaser is issuing 4,034,462 shares of Purchaser Common Stock to LTGI and 1,002,319 shares of Purchaser Common Stock to Berliner. Additionally, the conversion price of the Notes issued to the Sellers is being decreased from $2.60 to $2.0836498.

(e) On or about May 7, 2003, the then Chief Financial Officers of New Valley and Purchaser shall cooperate with each other to calculate the Final Purchase Price Adjustment Percentage. Upon completion of the Final Purchase Price Adjustment Percentage, such Chief Financial Officers shall then re-calculate the number of shares to be issued to the Sellers and the conversion price of the Notes to be issued to the Sellers as set forth in subparagraphs (b)(i) and (b)(ii) of this Section 2.4, in each case using the Final Purchase Price Adjustment Percentage as opposed to the Initial Purchase Price Adjustment Percentage (the "Final Issuance Adjustment"). The Purchaser shall then:

(i) issue such additional number of shares of Purchaser Common Stock as is obtained by subtracting 23,218,599 (the total number of shares issued by the Purchaser to LTGI and Berliner using the Initial Purchase Price Adjustment Percentage) from the number of shares to be issued by the Purchaser using the Final Purchase Price Adjustment Percentage; and

(ii) lower the conversion price of the Notes issued to Seller from $2.0836498 (the conversion price of the Notes using the Initial Purchase Price Adjustment Percentage) to the conversion price using the Final Purchase Price Adjustment Percentage. If any of the Notes issued to the Sellers or Frost are converted prior to May 7, 2003, the conversion price of such converted Notes shall not be decreased as a result of any adjustment that may occur pursuant to this Section 2.4(e)(ii).

(f) Upon completion of calculating the Final Purchase Price Adjustment Percentage and the Final Issuance Adjustment, such calculations shall be submitted to the Enforcement Committee, New Valley and Berliner and shall be deemed conclusively accepted unless written objection thereto is given by any Party to the other Parties within 30 days after submission.

(g) If, within the 30-day period specified in Section 2.4(f), an objection is made, the Purchaser's Accountants and the Sellers' Accountants shall jointly review the determination of the Final Purchase Price Adjustment Percentage and the Final Issuance Adjustment (the "Final Determination") and attempt to reach a mutually satisfactory determination of the Final Purchase Price Adjustment Percentage and the Final Issuance Adjustment. If the Purchaser's Accountants and the Sellers' Accountants are unable to reach such a mutually satisfactory determination within 30 days after the Final Determination has been submitted to them for their joint review, they shall promptly submit the Final Determination to a firm of independent accountants jointly selected by them. The independent third firm shall submit its determination of the Final Purchase Price Adjustment Percentage and the Final Issuance Adjustment to New Valley, Berliner and the Enforcement Committee within 30 days of its receipt of the Final Determination, and the determination of the Final Purchase Price Adjustment Percentage and the Final Issuance Adjustment by such third firm shall be final and conclusive upon the Parties. The Purchaser shall pay the fees and expenses of the Purchaser's Accountants and New Valley and Berliner shall pay the fees and expenses of the Sellers' Accountants. The fees and expenses of any

independent third firm shall be paid 50% by the Purchaser and 50% by New Valley and Berliner.

(h) The Purchaser shall issue all shares of Purchaser Common Stock under this Section 2.4 in the proportion of 80.1% to LTGI and 19.9% to Berliner. Any additional shares of Purchaser Common Stock to be issued to the Sellers shall constitute consideration to the Sellers for the LTI Stock additional to the Purchase Price."

2. The Parties hereby agree that, to the fullest extent permitted by law, no further claims, suits, demands or equitable adjustments shall be made by any of the Parties against the Purchaser, the Principals or Joseph Berland, or any of their affiliates with respect to (and all such persons are hereby released from any such claims, suits, demands and/or adjustments):

(i) any miscalculation or under-valuation of or relating to the items set forth in the memorandum from Bryant Kirkland to Victor M. Rivas and Richard Lampen dated August 3, 2001 ("Memorandum");

(ii) a breach of the representations and warranties contained in Article III and IV of the Stock Purchase Agreement, and of the covenants contained in Article V of the Stock Purchase Agreement, with regard to any of the items set forth in the Memorandum or on the attached Schedule 2.4;

(iii) any claim to further indemnification as set forth in Article VII of the Stock Purchase Agreement with regard to any of the items set forth in the Memorandum or on the attached Schedule 2.4; and

(iv) any claim against the Principals or Joseph Berland with regard to the items set forth in the Memorandum or on the attached Schedule 2.4, including, but not limited to, any claim that gives rise to such individual's employment being terminated for "Cause" (as such term is defined in the respective Employment Agreements, as amended) or for any other reason.

The Principals and Joseph Berland are deemed to be third party beneficiaries of this Section 2, which may not be amended without their written consent.

3. The Purchaser represents and warrants to the Selling Parties as follows:

3.1 Authority and Corporate Action. The Purchaser has all necessary corporate power and authority to enter into this Amendment No. 2 and such other instruments to be executed and delivered by the Purchaser in connection with the transactions contemplated by this Amendment No. 2 ("Purchaser Amendment Documents") and to consummate the transactions contemplated thereby. All corporate action necessary to be taken by the Purchaser to authorize the execution, delivery and performance of the Purchaser Amendment Documents has been, duly and validly taken. Each Purchaser Amendment Document constitutes, or will constitute upon execution and delivery thereof, the valid, binding and enforceable obligation of the Purchaser, enforceable in accordance with its terms, except (i) as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (ii) as enforceability of any indemnification provision may be limited by federal and state securities laws and public policy.

3.2 Capitalization. Any additional shares of Purchaser Common Stock to be issued pursuant to the revised Section 2.4 set forth above will be, upon issuance in accordance with the terms of this Amendment No. 2, duly authorized, validly issued, fully paid and nonassessable.

3.3 Knowledge of Claims. To the Purchaser's knowledge, based on inquiries to Richard J. Rosenstock, Mark Zeitchick, Vincent A. Mangone and Joseph Berland, except with respect to the items set forth in the Memorandum or on the attached Schedule 2.4, there are no other circumstances or events that could lead to a further claim, suit, demand or equitable adjustment with respect to (i) a breach of the representations and warranties contained in Article IV of the Stock Purchase Agreement, (ii) the covenants contained in Article V of the Stock Purchase Agreement and (iii) further indemnification as set forth in Article VII of the Stock Purchase Agreement.

4. The New Valley Companies, on the one hand, and Berliner, on the other hand, severally and not jointly represent and warrant to the Purchaser as follows:

4.1 Authority and Corporate Action. Such Selling Party has all necessary corporate power and authority to enter into this Amendment No. 2 and the other instruments and agreements to be executed and delivered by such Selling Party in connection with the transactions contemplated by this Amendment No. 2 (collectively, the "Seller Amendment Documents") and to consummate the transactions contemplated thereby. All corporate action necessary to be taken by such Selling Party to authorize the execution, delivery and performance of the Seller Amendment Documents has or will at Closing have been duly and validly taken. Each of the Seller Amendment Documents to which it is a party

constitutes, or upon the execution and delivery by such Selling Party will constitute, the valid, binding and enforceable obligation of such Selling Party, enforceable in accordance with its terms, except (i) as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (ii) as enforceability of any indemnification provision may be limited by federal and state securities laws and public policy.

4.2 Knowledge of Claims. To the Selling Parties' knowledge, except with respect to the items set forth in the Memorandum or on the attached Schedule 2.4, there are no other circumstances or events that could lead to a further claim, suit, demand or equitable adjustment with respect to (i) a breach of the representations and warranties contained in Article IV of the Stock Purchase Agreement, (ii) the covenants contained in Article V of the Stock Purchase Agreement and (iii) further indemnification as set forth in Article VII of the Stock Purchase Agreement.

5. Miscellaneous.

5.1 Headings. The headings contained in this Amendment No. 2 are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment No. 2.

5.2 Severability, Etc. As amended hereby, the Stock Purchase Agreement shall continue in full force and effect. All references in the Stock Purchase Agreement to the term "Agreement" shall hereafter mean the Stock Purchase Agreement, as amended hereby. If any term or other provision of this

Amendment No. 2 is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Amendment No. 2 shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party.

5.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law.

5.4 Counterparts. This Amendment No. 2 may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 2 by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment No. 2.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to the Stock Purchase Agreement to be executed as of the date first written above.

LADENBURG THALMANN FINANCIAL SERVICES INC.
(f/k/a GBI CAPITAL MANAGEMENT CORP.)

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas
Title: CEO

NEW VALLEY CORPORATION

/s/ Richard J. Lampen
By: _____
Name: Richard J. Lampen
Title: Executive Vice President

BERLINER EFFEKTENGESELLSCHAFT AG

/s/ Holger Timm
By: _____
Name: Holger Timm
Title: CEO

NEW VALLEY CAPITAL CORPORATION
(f/k/a LADENBURG, THALMANN GROUP INC.)

/s/ Richard J. Lampen
By: _____
Name: Richard J. Lampen
Title: Executive Vice President

LADENBURG, THALMANN & CO. INC.

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas

Title: CEO

EXHIBIT 4.2

SENIOR CONVERTIBLE PROMISSORY NOTE

$ May 7, 2001

FOR VALUE RECEIVED, LADENBURG THALMANN FINANCIAL SERVICES INC., a Florida corporation ("Maker"), having an address at 1055 Stewart Avenue, Bethpage, New York 11714, hereby promises to pay to _____ a _____corporation, its successors and/or permitted assigns (any of which is hereinafter referred to as "Holder"), at _____, in lawful money of the United States, the sum of _____ ($__) on December 31, 2005. Interest on the unpaid principal amount of this Note shall be paid at the rate of seven and one half percent (7-1/2%) per annum on each March 31, June 30, September 30 and December 31, commencing June 30, 2001 or the lesser of fifteen percent(15%) per annum or the maximum interest rate permitted by applicable law following an Event of Default. At the Holder's request payments shall be made by wire transfer to an account designated by the Holder. If a payment date is not a business day, payment may be made on the next business day and interest shall accrue for the intervening period. This Note may not be prepaid.

The Holder may, with or without notice to the Maker or any guarantor or other party liable herefor, extend or renew this Note, or extend the time for making payment of any amount provided for herein, or accept any amount in advance, all without affecting the liability of the Maker or any other party or guarantor liable herefor.

This Note is issued pursuant to the terms of that certain Stock Purchase Agreement ("Stock Purchase Agreement") dated February 8, 2001, as amended, between the Maker, New Valley Corporation, Ladenburg, Thalmann Group Inc., Ladenburg, Thalmann & Co. Inc. and Berliner Effektengesellschaft AG. and the Holder and the Maker are entitled to the benefits provided for therein. Terms used but not defined herein shall have their respective meanings assigned in the Stock Purchase Agreement. This Note is entitled to the benefits of the security for the payment hereof provided pursuant to that certain Pledge and Security Agreement dated May 7, 2001 between the Maker, the Secured Parties named therein and U.S. Bank Trust National Association, as Collateral Agent ("Pledge Agreement").

1. Conversion of Note

The principal of and accrued interest on this Note shall be convertible, in whole or in part, at any time, at the election of the Holder, into that number of fully paid and non-assessable shares of the Maker's common stock, par value $0.0001 per share ("Common Stock"), determined by dividing the amount of principal and interest to be so converted by the "Conversion Price" (as hereinafter defined) in effect at the time notice of conversion is given to the Maker as set forth below. As used herein, "Conversion Price" means, initially, $2.0836498. The Conversion Price shall be decreased from time to time, as set forth in the Stock Purchase Agreement, as amended, by the amount obtained by taking the product of $2.0836498 and the Final Purchase Price

<Page>

Adjustment Percentage (as such term is defined in the Stock Purchase Agreement, as amended). Notwithstanding the foregoing, the Conversion Price of this Note may not be decreased below a price that would result in the total number of additional shares of Common Stock being issuable upon conversion of this Note as

a result of such adjustment, when added to the additional number of shares of Common Stock being issued to the Sellers under Section 2.4(b)(i) of the Stock Purchase Agreement, exceeding 80% of the sum of (x) the number of additional shares to be issued and issuable to the Sellers under Section 2.4(b) of the Stock Purchase Agreement and (y) the number of additional shares of Common Stock issuable to Frost as a result of the Conversion Price Adjustment (as such term is defined in the Loan Agreement, dated as of February 8, 2001, as amended, between the Maker and Frost).

If, at any time after the date hereof, there occurs, with respect to the Common Stock, a reclassification, stock split, stock dividend, spin-off or distribution, share combination or other similar change affecting the Common Stock as a whole and all holders thereof or if the Maker shall consolidate with, or merge with or into, any other entity, sell or transfer all or substantially all its assets or engage in any reorganization, reclassification or recapitalization which is effected in such a manner that the holders of Common Stock are entitled to receive stock, securities, cash or other assets with respect to or in exchange for Common Stock (each, an "Adjustment Event"), the Conversion Price and the kind and amount of stock, securities, cash or other assets issuable upon conversion of this Note in effect at the time of the record date for such dividend or distribution or of the effective date of such share combination, split, consolidation, merger, sale, transfer, reorganization, reclassification or recapitalization shall be appropriately adjusted so that the conversion of the Note after such time shall entitle the Holder to receive the aggregate number of shares of Common Stock or securities, cash and other assets which, if this Note hade been converted immediately prior to such time, the Holder would have owned upon such conversion and been entitled to receive by virtue of such Adjustment Event, provided that if the kind or amount of securities, cash and other property is not the same for each share of Common Stock held immediately prior to such reclassification, change, consolidation, merger, sale, transfer, or conveyance, any Holder who fails to exercise any right of election shall receive per share the kind and amount of securities, cash or other property received per share by a plurality of such shares.

Promptly after an Adjustment Event, the Maker shall mail to the Holder a notice of the adjustment together with a certificate from the Maker's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it.

If (i) the Maker takes any action that would cause an Adjustment Event, (ii) there is a liquidation or dissolution of the Maker or (iii) the Maker declares a cash dividend, the Maker shall mail to the Holder a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution, the Maker shall mail the notice at least 15 days before such date.

If, during any period of twenty (20) consecutive trading days, the closing sale price of the Common Stock is at least $8.00 per share (as adjusted for all Adjustment Events occurring after the date of this Note), the principal of and all accrued interest on this Note shall be automatically

converted, without further action on the part of the Holder, into shares of Common Stock at the Conversion Price in effect on the last Trading Day of such period.

In connection with any conversion of this Note, the Holder shall surrender this Note and deliver it, together with written instructions to convert in the form attached hereto, to the Maker at its principal executive

office. The date of such delivery shall be deemed the date of conversion. The Maker shall, as soon as practicable, issue and deliver to a location in the United States designated by the Holder certificates representing the securities (or other assets) to which the Holder is entitled as a result of such conversion together with a note for the unconverted balance.

The Maker shall not be required to issue fractions of shares of Common Stock upon conversion and in lieu thereof any fractional share shall be rounded up or down to the nearest whole share. The Maker shall reserve and shall at all times have reserved out of its authorized but unissued shares of Common Stock sufficient shares of Common Stock to permit the conversion of the unpaid principal amount and accrued interest as provided for herein. The Maker shall list such shares on any national securities exchange on which the Common Stock is then listed. If the Holder converts this Note, the Maker shall pay any documentary, stamp or similar issue or transfer tax due on such conversion except that the Holder shall pay any such tax due because the shares are issued in a name other than the Holder's.

The certificates representing shares of Common Stock issued upon conversion of this Note shall bear a legend to the effect that such shares are not registered under the 1933 Act and may not be sold, assigned or otherwise transferred or hypothecated except in accordance with the registration provisions of the 1933 Act or an exemption therefrom and in accordance with the provisions of that certain Investor Rights Agreement dated as of February 8, 2001 among New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Maker, Frost- Nevada, Limited Partnership and the Principals party thereto ("Investor Rights Agreement"). This legend shall be removed on receipt of an opinion of counsel reasonably satisfactory to the Maker that such legend is no longer required.

2. Change of Control

(i) Promptly after the occurrence of a Change of Control (as hereinafter defined) (the date of such occurrence being the "Change of Control Date"), the Maker shall commence (or cause to be commenced) an offer to purchase all outstanding Notes pursuant to the terms described in paragraph (iii) of this "Change of Control" section (the "Change of Control Offer") at a purchase price equal to the unpaid principal amount of this Note and accrued interest thereon (the "Change of Control Amount") on the Change of Control Payment Date (as hereinafter defined), and shall purchase (or cause the purchase of) any Notes tendered in the Change of Control Offer pursuant to the terms hereof. As used in this Note, the term "Notes" means all Convertible Promissory Notes of the Maker of like tenor to this Note (except as to principal amount, interest rate and Conversion Price). The Change of Control Amount shall be payable in cash.

(ii) Within 10 days following a Change in Control Date, the Maker shall send, by first-class mail, postage prepaid, a notice to the Holder. Such notice shall contain all instructions and materials

necessary to enable the Holder to tender this Note pursuant to the Change of Control Offer and shall state:

(a) that a Change of Control has occurred, that a Change of Control Offer is being made pursuant to this "Change of Control" section and that all Notes validly tendered and not withdrawn will be accepted for payment;

(b) the Change of Control Amount and the purchase date (which must be no earlier than 10 days nor later than 20 days from the date such notice is mailed, other than as may be required by law) (the "Change of Control Payment Date");

(c) that any Notes not tendered will continue to accrue interest;

(d) that, unless the Maker defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(e) that holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, properly endorsed for transfer, together with such other customary documents as the Maker may reasonably request to the Maker at the address specified in the notice prior to the close of business on the business day prior to the Change of Control Payment Date;

(f) that holders of Notes will be entitled to withdraw their election if the Maker receives, not later than two business days prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the holder, the principal amount of the Notes the holder delivered for purchase and a statement that such holder is withdrawing its election to have such Notes purchased;

(g) that holders who tender only a portion of their Notes will, upon purchase of the Notes tendered, be issued a Note representing the Notes not purchased; and

(h) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control).

(iii) The Maker will comply with any tender offer rules under the Exchange Act which then may be applicable in connection with any offer made by the Maker to repurchase the Notes as a result of a Change of Control. If the provisions of any securities laws or regulations conflict with provisions of this Note, in reliance on an opinion of counsel, the Maker may comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligation under this Note by virtue thereof.

(iv) On the Change of Control Payment Date, the Maker shall (A) accept for payment the Notes validly tendered pursuant to the Change of Control Offer, (B) pay to the holders of Notes so accepted the Change of Control Amount therefor in cash as provided above and (C) cancel each surrendered Note. Unless the Maker defaults in the payment for the Notes tendered pursuant to the Change of Control Offer, interest will cease to accrue with respect to the Notes tendered and all rights of holders of such tendered Notes will terminate, except for the right to receive payment therefor on the Change of Control Payment Date.

(v) To accept the Change of Control Offer, the holder of a

Note shall deliver, prior to the close of business on the business day prior to the Change of Control Payment Date, written notice to the Maker (or an agent designated by the Maker for such purpose) of such holder's acceptance, together with the Notes with respect to which the Change of Control Offer is being accepted, duly endorsed for transfer.

(vi) For the avoidance of doubt, nothing in this "Change of Control" section shall restrict the right of the holders of Notes, in connection with a Change of Control, to convert and to receive the kind and amount of consideration payable to holders of Common Stock in respect of the Common Stock into which the Notes may be converted.

(vii) As used in this "Change of Control" section,

"Change of Control" means: (a) the sale, lease, transfer, conveyance, merger, consolidation or other disposition (other than a merger or consolidation that does not result in any change in the Maker's stock and in which a majority of the successor's voting securities is held by holders of the Maker's Common Stock immediately before such transaction), in one or a series of related transactions, of all or substantially all the assets of the Maker and its subsidiaries, taken as a whole, to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), (b) the consummation of any transaction (including any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals party to the Investor Rights Agreement, New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG and Dr. Phillip Frost, individually or collectively, becomes the beneficial owner (as determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act, except that a person will be deemed to have beneficial ownership of all Voting Securities (as hereinafter defined) that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the Voting Securities of the Maker, or (c) the first day on which a majority of the members of the Board of Directors of the Maker are not Continuing Directors;

"Continuing Directors" means individuals who constituted the Board of Directors of the Maker on the date hereof (the "Incumbent Directors"); provided that any individual becoming a director after the date hereof shall be considered to be an Incumbent Director if such individual's election, appointment or nomination was recommended or approved by at least two-thirds of the other Incumbent Directors continuing in

office following such election, appointment or nomination present, in person or by telephone, at any meeting of the Board of Directors of the Maker, after the giving of a sufficient notice to each Incumbent Director so as to provide a reasonable opportunity for such Incumbent Directors to be present at such meeting; and

"Voting Securities" means securities of the Maker ordinarily having the power to vote for the election of directors of the Maker.

3. Events of Default

Upon the occurrence of any of the following events (herein called "Events of Default"):

(i) The Maker shall fail to make any payment of principal on this Note on the date specified herein for such payment;

(ii) The Maker shall fail to make any payment of interest on this Note or any other payment due under this Note or the Pledge Agreement within ten (10) days after it is due;

(iii) (a) The Maker or Ladenburg shall commence, or consent to the entry of an order for relief in, any proceeding or other action relating to it in bankruptcy or seek reorganization, arrangement, readjustment of its debts, receivership, dissolution, liquidation, winding-up, composition or any other relief under any bankruptcy law, or under any other insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing; or (b) the Maker or Ladenburg shall admit the material allegations of any petition or pleading in connection with any such proceeding; or (c) the Maker or Ladenburg shall apply for, or consent or acquiesce to, the appointment of a receiver, conservator, trustee or similar officer for it or for all or a substantial part of its property; or (d) the Maker or Ladenburg shall make a general assignment for the benefit of creditors; or (e) the Maker or Ladenburg shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(iv) (a) The commencement of any proceedings or the taking of any other action against the Maker or Ladenburg in bankruptcy or seeking reorganization, arrangement, readjustment of its debts, liquidation, dissolution, arrangement, composition, or any other relief under any bankruptcy law or any other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (b) the appointment of a receiver, conservator, trustee or similar officer for the Maker or Ladenburg for any of its property and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (c) the issuance of a warrant of attachment, execution or similar process against any of the property of the Maker or Ladenburg and the continuance of such event for sixty (60) days undismissed, unbonded and undischarged;

(v) The Maker or Ladenburg shall default with respect to any indebtedness of $250,000 or more for borrowed money if either (a) such default is a payment default or the effect of such default is to accelerate the maturity of such indebtedness (in each instance giving effect to any applicable grace periods) or (b) the holder of such indebtedness declares the Maker or Ladenburg to be in default (giving effect to any applicable grace periods);

(vi) The failure by the Maker to observe any of the covenants contained in this Note (other than the covenants to pay principal and interest and the covenants in Sections 2 or 5) or in the Pledge Agreement (other than Section 4.14) which failure is not cured within

30 days after notice thereof is given to the Maker by any of the Secured Parties thereunder (or, if such failure is not capable of being cured within such 30-day period, the failure of the Maker to continue to proceed in a diligent matter to effect such cure);

(vii) The failure by the Maker to observe any of the covenants contained in Sections 2 or 5 of this Note or in Section 4.14 of the Pledge Agreement or the lien of Pledge Agreement will at any time not constitute a first perfected lien on the collateral intended to be covered thereby; or

(viii) Any judgment or judgments against the Maker or Ladenburg or any attachment, levy or execution against any of its properties for any amount in excess of $250,000 in the aggregate shall remain unpaid, or shall not be released, discharged, dismissed, stayed or fully bonded for a period of sixty (60) days or more after its entry, issue or levy, as the case may be;

then, and in any such event, the Holder, at its option and with written notice to the Maker, may declare the entire principal amount of this Note then outstanding together with accrued unpaid interest thereon immediately due and payable, and the same shall forthwith become immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived. The Events of Default listed herein are solely for the purpose of protecting the interests of the Holder of this Note. If the Note is not paid in full upon acceleration, as required above, interest shall accrue on the outstanding principal of and interest on this Note from the date of the Event of Default up to and including the date of payment at a rate equal to the lesser of fifteen percent (15%) per annum or the maximum interest rate permitted by applicable law.

Upon the occurrence a default under this Note (whether or not it has become an Event of Default), the Maker agrees to pay the costs, expenses, attorneys' and other fees paid or incurred by the Holder, or adjudged by a court, including: (i) costs of suit and such amount as the court adjudges for the fees of an attorney in an action to enforce this Note in whole or in part; and (ii) reasonable costs of collection, costs and expenses of, and attorneys' fees incurred or paid towards, the collection, enforcement, or sale of this Note in whole or in part, or of any security for it.

4. Payment of Claims

Pursuant to Section 7.6 of the Stock Purchase Agreement, the Maker may offset against amounts due under this Note any amounts owed by the Holder to the Maker except that, prior to December 31, 2005, the Maker shall not offset against amounts due under this Note any Claims against the Holder prior

to settlement or the entry of a final judgment and the expiration of all applicable appeal periods and the failure of the Holder to pay such Claim within ten (10) Business Days after such settlement or expiration. If any payment of the indemnity obligations of the Holder pursuant to Section 8.1 of the Stock Purchase Agreement is required to be made, the Holder may satisfy such payment by delivery to the Maker of Notes acquired by it pursuant to the Stock Purchase Agreement in a principal amount, together with accrued interest, equal to the amount of the Claims for which payment is required in which case the Maker will issue a new Note to the Holder for the remainder.

5. Consolidation and Mergers.

The Maker shall not consolidate or merge into, or transfer or lease all or substantially all of its assets to, any person unless (1) the person is a corporation; (2) the person assumes in a writing reasonably acceptable to the Holder all the obligations of the Maker under this Note; and (3) immediately after the transaction no Event of Default exists. The surviving, transferee or lessee corporation shall be the successor Maker, but the predecessor Maker in the case of a transfer or lease shall not be released from the obligation to pay the principal of and interest of this Note.

6. Additional Provisions

The Maker and each other party liable herefor, whether principal, endorser, guarantor or otherwise, jointly and severally hereby (i) waive presentment, demand, protest, notice of dishonor and/or protest, notice of non-payment and all other notices or demands in connection with the delivery, acceptance, performance, default, enforcement or guaranty of this Note, and (ii) waive recourse to suretyship defenses generally, including extensions of time, releases of security and other indulgences which may be granted from time to time by the Holder to the Maker or any party liable herefor.

Nothing contained in this Note or in any other agreement between the Maker and the Holder shall require the Maker to pay, or the Holder to accept, interest in an amount which would subject the Holder to any penalty or forfeiture under applicable law. In no event shall the total of all charges payable hereunder, whether of interest or of such other charges which may or might be characterized as interest, exceed the maximum rate permitted to be charged under applicable law. Should the Holder receive any payment which is or would be in excess of that permitted to be charged under such applicable law, such payment shall have been and shall be deemed to have been made in error and shall automatically be applied to reduce the principal balance outstanding on this Note.

The Holder shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights and/or remedies hereunder, and no waiver whatsoever shall be valid unless in writing, signed by the Holder, and then only to the extent therein set forth. The making of any demands or the giving of any notices by the Holder or a waiver by the Holder of any right and/or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy which the Holder would otherwise have on any future occasion. All rights and remedies of the Holder shall be cumulative and may be exercised singly or concurrently.

The terms and provisions hereof shall survive the payment, cancellation or surrender of this Note. Any instrument taken by the Holder in payment of, or for application against, any obligation of the Maker or any other party liable herefor shall not operate as a discharge of such obligation until the instrument is finally paid, notwithstanding the fact that a bank may be the maker, drawer or acceptor of such instrument.

This Note may be assigned by the Holder only as permitted by the provisions of the Investor Rights Agreement. In the event of a permitted assignment of less than the entire unpaid principal amount of this Note, at the request of the Holder the Maker shall issue new Notes to the transferee and the Holder in the amounts assigned and not assigned, respectively. If this Note is lost, destroyed or wrongfully taken, the Maker shall issue a replacement Note.

The Maker may require a reasonable indemnity bond.

The authority to assert, and to determine to defend against, claims with respect to this Note on behalf of the Maker shall be vested solely in the Enforcement Committee established under the Stock Purchase Agreement. This Note may not be amended and no rights of the Maker hereunder may be waived except with the consent of the Enforcement Committee.

This Note shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law. The provisions of Section 10.2 (Notices) and 10.12 of the Stock Purchase Agreement (Consent to Jurisdiction and Service of Process) shall apply to this Note as if fully set forth herein. THE MAKER HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS NOTE OR ANY TRANSACTION RELATING THERETO.

LADENBURG THALMANN FINANCIAL SERVICES INC.

By: _____

Name:

Title:

EXHIBIT 4.3

SENIOR CONVERTIBLE PROMISSORY NOTE

$10,000,000.00 May 7, 2001

FOR VALUE RECEIVED, LADENBURG THALMANN FINANCIAL SERVICES INC., a Florida corporation ("Maker"), having an address at 1055 Stewart Avenue, Bethpage, New York 11714, hereby promises to pay to Frost-Nevada, Limited Partnership, a Nevada limited partnership, its successors and/or permitted assigns (any of which is hereinafter referred to as "Holder"), at 3500 Lakeside Court, Suite 200, Reno, Nevada 89509, in lawful money of the United States, the sum of Ten Million Dollars and No Cents ($10,000,000.00) on December 31, 2005. Interest on the unpaid principal amount of this Note shall be paid at the rate of eight and one-half percent (8-1/2%) per annum on each March 31, June 30, September 30 and December 31, commencing June 30, 2001 or the lesser of fifteen percent (15%) per annum or the maximum interest rate permitted by applicable law following an Event of Default. At the Holder's request payments shall be made by wire transfer to an account designated by the Holder. If a payment date is not a business day, payment may be made on the next business day and interest shall accrue for the intervening period. This Note may not be prepaid.

The Holder may, with or without notice to the Maker or any guarantor or other party liable herefor, extend or renew this Note, or extend the time for making payment of any amount provided for herein, or accept any amount in advance, all without affecting the liability of the Maker or any other party or guarantor liable herefor.

This Note is issued pursuant to the terms of that certain Loan Agreement ("Loan Agreement") dated as of February 8, 2001, as amended, between the Maker and Frost-Nevada, Limited Partnership and the Maker and the Holder are entitled to the benefits provided for therein. Terms used but not defined herein shall have their respective meanings assigned in the Loan Agreement. This Note is entitled to the benefits of the security for the payment hereof provided pursuant to that certain Pledge and Security Agreement dated May 7, 2001 between the Maker, the Secured Parties party thereto and US Bank Trust National Association, as Collateral Agent ("Pledge Agreement").

1. Conversion of Note

The principal of and accrued interest on this Note shall be convertible, in whole or in part, at any time, at the election of the Holder, into that number of fully paid and non-assessable shares of the Maker's common stock, par value $0.0001 per share ("Common Stock"), determined by dividing the amount of principal and interest to be so converted by the "Conversion Price" (as hereinafter defined) in effect at the time notice of conversion is given to the Maker as set forth below. As used herein, "Conversion Price" means, initially, $1.5390594. The Conversion Price shall be decreased ("Conversion

Price Adjustment") by the amount obtained by taking the product of $1.5390594 and the Final Purchase Price Adjustment Percentage (as such term is defined in the Stock Purchase Agreement, as amended). Notwithstanding the foregoing, if the Conversion Price, after adjustment as set forth in the previous sentence, would not yield a number of shares of Common Stock equal to at least the sum of (x) 5,000,000 shares of Common Stock and (y) 20% of the sum of (i) the additional shares issuable to Lender as a result of the Conversion Price Adjustment and

(ii) all other shares of Common Stock to be issued and issuable to LTGI and Berliner pursuant to Section 2.4 of the Stock Purchase Agreement, the Conversion Price will be further adjusted such that Lender, upon conversion of this Note, will receive such sum of 5,000,000 shares of Common Stock and 20% of the total number of additional shares issuable as a result of the Conversion Price Adjustment and Section 2.4 of the Stock Purchase Agreement.

If, at any time after the date hereof, there occurs, with respect to the Common Stock, a reclassification, stock split, stock dividend, spin-off or distribution, share combination or other similar change affecting the Common Stock as a whole and all holders thereof or if the Maker shall consolidate with, or merge with or into, any other entity, sell or transfer all or substantially all its assets or engage in any reorganization, reclassification or recapitalization which is effected in such a manner that the holders of Common Stock are entitled to receive stock, securities, cash or other assets with respect to or in exchange for Common Stock (each, an "Adjustment Event"), the Conversion Price and the kind and amount of stock, securities, cash or other assets issuable upon conversion of this Note in effect at the time of the record date for such dividend or distribution or of the effective date of such share combination, split, consolidation, merger, sale, transfer, reorganization, reclassification or recapitalization shall be appropriately adjusted so that the conversion of the Note after such time shall entitle the Holder to receive the aggregate number of shares of Common Stock or securities, cash and other assets which, if this Note hade been converted immediately prior to such time, the Holder would have owned upon such conversion and been entitled to receive by virtue of such Adjustment Event, provided that if the kind or amount of securities, cash and other property is not the same for each share of Common Stock held immediately prior to such reclassification, change, consolidation, merger, sale, transfer, or conveyance, any Holder who fails to exercise any right of election shall receive per share the kind and amount of securities, cash or other property received per share by a plurality of such shares.

Promptly after an Adjustment Event, the Maker shall mail to the Holder a notice of the adjustment together with a certificate from the Maker's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it.

If (i) the Maker takes any action that would cause an Adjustment Event, (ii) there is a liquidation or dissolution of the Maker or (iii) the Maker declares a cash dividend, the Maker shall mail to the Holder a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution, the Maker shall mail the notice at least 15 days before such date.

If, during any period of twenty (20) consecutive trading days, the closing sale price of the Common Stock is at least $8.00 per share (as adjusted for all Adjustment Events occurring after the date of this Note), the

principal of and all accrued interest on this Note shall be automatically converted, without further action on the part of the Holder, into shares of Common Stock at the Conversion Price in effect on the last trading day of such period.

In connection with any conversion of this Note, the Holder shall surrender this Note and deliver it, together with written instructions to

convert in the form attached hereto, to the Maker at its principal executive office. The date of such delivery shall be deemed the date of conversion. The Maker shall, as soon as practicable, issue and deliver to a location in the United States designated by the Holder certificates representing the securities (or other assets) to which the Holder is entitled as a result of such conversion together with a note representing the unconverted balance.

The Maker shall not be required to issue fractions of shares of Common Stock upon conversion and in lieu thereof any fractional share shall be rounded up or down to the nearest whole share. The Maker shall reserve and shall at all times have reserved out of its authorized but unissued shares of Common Stock sufficient shares of Common Stock to permit the conversion of the unpaid principal amount and accrued interest as provided for herein. The Maker shall list such shares on any national securities exchange on which the Common Stock is then listed. If the Holder converts this Note, the Maker shall pay any documentary, stamp or similar issue or transfer tax due on such conversion, except that the Holder shall pay any such tax due because the shares are issued in a name other than the Holder's.

The certificates representing shares of Common Stock issued upon conversion of this Note shall bear a legend to the effect that such shares are not registered under the 1933 Act and may not be sold, assigned or otherwise transferred or hypothecated except in accordance with the registration provisions of the 1933 Act or an exemption therefrom and in accordance with the provisions of that certain Investor Rights Agreement dated as of February 8, 2001 among New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Maker and the Principals party thereto and Frost-Nevada, Limited Partnership ("Investor Rights Agreement"). This legend shall be removed on receipt of an opinion of counsel reasonably satisfactory to the Maker that such legend is no longer required.

2. Change of Control

(i) Promptly after the occurrence of a Change of Control (as hereinafter defined) (the date of such occurrence being the "Change of Control Date"), the Maker shall commence (or cause to be commenced) an offer to purchase all outstanding Notes pursuant to the terms described in paragraph (iii) of this "Change of Control" section (the "Change of Control Offer") at a purchase price equal to the unpaid principal amount of this Note and accrued interest thereon (the "Change of Control Amount") on the Change of Control Payment Date (as hereinafter defined), and shall purchase (or cause the purchase of) any Notes tendered in the Change of Control Offer pursuant to the terms hereof. As used in this Note, the term "Notes" means all Convertible Promissory Notes of the Maker of like tenor to this Note (except as to principal amount, interest rate and Conversion Price). The Change of Control Amount shall be payable in cash.

(ii) Within 10 days following a Change in Control Date, the Maker shall send, by first-class mail, postage prepaid, a notice to the Holder. Such notice shall contain all instructions and materials

necessary to enable the Holder to tender this Note pursuant to the Change of Control Offer and shall state:

(a) that a Change of Control has occurred, that a

Change of Control Offer is being made pursuant to this "Change of Control" section and that all Notes validly tendered and not withdrawn will be accepted for payment;

(b) the Change of Control Amount and the purchase date (which must be no earlier than 10 days nor later than 20 days from the date such notice is mailed, other than as may be required by law) (the "Change of Control Payment Date");

(c) that any Notes not tendered will continue to accrue interest;

(d) that, unless the Maker defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(e) that holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, properly endorsed for transfer, together with such other customary documents as the Maker may reasonably request to the Maker at the address specified in the notice prior to the close of business on the business day prior to the Change of Control Payment Date;

(f) that holders of Notes will be entitled to withdraw their election if the Maker receives, not later than two business days prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the holder, the principal amount of the Notes the holder delivered for purchase and a statement that such holder is withdrawing its election to have such Notes purchased;

(g) that holders who tender only a portion of their Notes will, upon purchase of the Notes tendered, be issued a Note representing the Notes not purchased; and

(h) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control).

(iii) The Maker will comply with any tender offer rules under the Exchange Act which then may be applicable in connection with any offer made by the Maker to repurchase the Notes as a result of a Change of Control. If the provisions of any securities laws or regulations conflict with provisions of this Note, in reliance on an opinion of counsel, the Maker may comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligation under this Note by virtue thereof.

(iv) On the Change of Control Payment Date, the Maker shall (A) accept for payment the Notes validly tendered pursuant to the Change of Control Offer, (B) pay to the holders of Notes so accepted

the Change of Control Amount therefor in cash as provided above and (C) cancel each surrendered Note. Unless the Maker defaults in the payment for the Notes tendered pursuant to the Change of Control Offer,

interest will cease to accrue with respect to the Notes tendered and all rights of holders of such tendered Notes will terminate, except for the right to receive payment therefor on the Change of Control Payment Date.

(v) To accept the Change of Control Offer, the holder of a Note shall deliver, prior to the close of business on the business day prior to the Change of Control Payment Date, written notice to the Maker (or an agent designated by the Maker for such purpose) of such holder's acceptance, together with the Notes with respect to which the Change of Control Offer is being accepted, duly endorsed for transfer.

(vi) For the avoidance of doubt, nothing in this "Change of Control" section shall restrict the right of the holders of Notes, in connection with a Change of Control, to convert and to receive the kind and amount of consideration payable to holders of Common Stock in respect of the Common Stock into which the Notes may be converted.

(vii) As used in this "Change of Control" section,

"Change of Control" means: (a) the sale, lease, transfer, conveyance, merger, consolidation or other disposition (other than a merger or consolidation that does not result in any change in the Maker's stock and in which a majority of the successor's voting securities is held by holders of the Maker's Common Stock immediately before such transaction), in one or a series of related transactions, of all or substantially all the assets of the Maker and its subsidiaries, taken as a whole, to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), (b) the consummation of any transaction (including any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals party to the Investor Rights Agreement, New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG and Dr. Phillip Frost, individually or collectively, becomes the beneficial owner (as determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act, except that a person will be deemed to have beneficial ownership of all Voting Securities (as hereinafter defined) that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the Voting Securities of the Maker, or (c) the first day on which a majority of the members of the Board of Directors of the Maker are not Continuing Directors;

"Continuing Directors" means individuals who constituted the Board of Directors of the Maker on the date hereof (the "Incumbent Directors"); provided that any individual becoming a director after the date hereof shall be considered to be an Incumbent Director if such individual's election, appointment or nomination was recommended or approved by at least two-thirds of the other Incumbent Directors continuing in office following such election, appointment or nomination present, in person or by telephone, at any meeting of the Board of Directors of the Maker, after the giving of a

sufficient notice to each Incumbent Director so as to provide

a reasonable opportunity for such Incumbent Directors to be present at such meeting; and

"Voting Securities" means securities of the Maker ordinarily having the power to vote for the election of directors of the Maker.

3. Events of Default

Upon the occurrence of any of the following events (herein called "Events of Default"):

(i) The Maker shall fail to make any payment of principal on this Note on the date specified herein for such payment;

(ii) The Maker shall fail to make any payment of interest on this Note or any other payment due under this Note or the Pledge Agreement within ten (10) days after it is due;

(iii) (a) The Maker or Ladenburg shall commence, or consent to the entry of an order for relief in, any proceeding or other action relating to it in bankruptcy or seek reorganization, arrangement, readjustment of its debts, receivership, dissolution, liquidation, winding-up, composition or any other relief under any bankruptcy law, or under any other insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing; or (b) the Maker or Ladenburg shall admit the material allegations of any petition or pleading in connection with any such proceeding; or (c) the Maker or Ladenburg shall apply for, or consent or acquiesce to, the appointment of a receiver, conservator, trustee or similar officer for it or for all or a substantial part of its property; or (d) the Maker or Ladenburg shall make a general assignment for the benefit of creditors; or (e) the Maker or Ladenburg shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(iv) (a) The commencement of any proceedings or the taking of any other action against the Maker or Ladenburg in bankruptcy or seeking reorganization, arrangement, readjustment of its debts, liquidation, dissolution, arrangement, composition, or any other relief under any bankruptcy law or any other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (b) the appointment of a receiver, conservator, trustee or similar officer for the Maker or Ladenburg for any of its property and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (c) the issuance of a warrant of attachment, execution or similar process against any of the property of the Maker or Ladenburg and the continuance of such event for sixty (60) days undismissed, unbonded and undischarged;

(v) The Maker or Ladenburg shall default with respect to any indebtedness of $250,000 or more for borrowed money if either (a) such default is a payment default or the effect of such default is to

accelerate the maturity of such indebtedness (in each instance giving effect to any applicable grace periods) or (b) the holder of such indebtedness declares the Maker or Ladenburg to be in default (giving

effect to any applicable grace periods);

(vi) The failure by the Maker to observe any of the covenants contained in this Note (other than the covenants to pay principal and interest and the covenants in Sections 2 or 5) or in the Pledge Agreement (other than Section 4.14) which failure is not cured within 30 days after notice thereof is given to the Maker by any of the Secured Parties thereunder (or, if such failure is not capable of being cured within such 30-day period, the failure of the Maker to continue to proceed in a diligent matter to effect such cure);

(vii) The failure by the Maker to observe any of the covenants contained in Sections 2 or 5 of this Note or in Section 4.14 of the Pledge Agreement or the lien of Pledge Agreement will at any time not constitute a first perfected lien on the collateral intended to be covered thereby; or

(viii) Any judgment or judgments against the Maker or Ladenburg or any attachment, levy or execution against any of its properties for any amount in excess of $250,000 in the aggregate shall remain unpaid, or shall not be released, discharged, dismissed, stayed or fully bonded for a period of sixty (60) days or more after its entry, issue or levy, as the case may be;

then, and in any such event, the Holder, at its option and with written notice to the Maker, may declare the entire principal amount of this Note then outstanding together with accrued unpaid interest thereon immediately due and payable, and the same shall forthwith become immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived. The Events of Default listed herein are solely for the purpose of protecting the interests of the Holder of this Note. If the Note is not paid in full upon acceleration, as required above, interest shall accrue on the outstanding principal of and interest on this Note from the date of the Event of Default up to and including the date of payment at a rate equal to the lesser of fifteen percent (15%) per annum or the maximum interest rate permitted by applicable law.

Upon the occurrence of a default under this Note (whether or not it has become an Event of Default), the Maker agrees to pay the costs, expenses, attorneys' and other fees paid or incurred by the Holder, or adjudged by a court, including: (i) costs of suit and such amount as the court adjudges for the fees of an attorney in an action to enforce this Note in whole or in part; and (ii) reasonable costs of collection, costs and expenses of, and attorneys' fees incurred or paid towards, the collection, enforcement, or sale of this Note in whole or in part, or of any security for it.

4. Consolidation and Mergers.

The Maker shall not consolidate or merge into, or transfer or lease all or substantially all of its assets to, any person unless (1) the person is a corporation; (2) the person assumes in a writing reasonably acceptable to the Holder all the obligations of the Maker under this Note; and (3) immediately after the transaction no Event of Default exists. The surviving,

transferee or lessee corporation shall be the successor Maker, but the

predecessor Maker in the case of a transfer or lease shall not be released from the obligation to pay the principal of and interest of this Note.

5. Additional Provisions

The Maker and each other party liable herefor, whether principal, endorser, guarantor or otherwise, jointly and severally hereby (i) waive presentment, demand, protest, notice of dishonor and/or protest, notice of non-payment and all other notices or demands in connection with the delivery, acceptance, performance, default, enforcement or guaranty of this Note, and (ii) waive recourse to suretyship defenses generally, including extensions of time, releases of security and other indulgences which may be granted from time to time by the Holder to the Maker or any party liable herefor.

Nothing contained in this Note or in any other agreement between the Maker and the Holder shall require the Maker to pay, or the Holder to accept, interest in an amount which would subject the Holder to any penalty or forfeiture under applicable law. In no event shall the total of all charges payable hereunder, whether of interest or of such other charges which may or might be characterized as interest, exceed the maximum rate permitted to be charged under applicable law. Should the Holder receive any payment which is or would be in excess of that permitted to be charged under such applicable law, such payment shall have been and shall be deemed to have been made in error and shall automatically be applied to reduce the principal balance outstanding on this Note.

The Holder shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights and/or remedies hereunder, and no waiver whatsoever shall be valid unless in writing, signed by the Holder, and then only to the extent therein set forth. The making of any demands or the giving of any notices by the Holder or a waiver by the Holder of any right and/or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy which the Holder would otherwise have on any future occasion. All rights and remedies of the Holder shall be cumulative and may be exercised singly or concurrently.

The terms and provisions hereof shall survive the payment, cancellation or surrender of this Note. Any instrument taken by the Holder in payment of, or for application against, any obligation of the Maker or any other party liable herefor shall not operate as a discharge of such obligation until the instrument is finally paid, notwithstanding the fact that a bank may be the maker, drawer or acceptor of such instrument.

This Note may be assigned by the Holder only as permitted by the provisions of the Investor Rights Agreement. In the event of a permitted assignment of less than the entire unpaid principal amount of this Note, at the

request of the Holder the Maker shall issue new Notes to the transferee and the Holder in the amounts assigned and not assigned, respectively. If this Note is lost, destroyed or wrongfully taken, the Maker shall issue a replacement Note. The Maker may require a reasonable indemnity bond.

This Note shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law. The Maker hereby irrevocably appoints the President of GBI Capital Management Corp., at its offices at 1055 Stewart Avenue, Bethpage, New York 11714, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising out of or relating to this Note and upon whom such process may be served, with the same

effect as if the Maker were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service. The Maker will enter into such agreements with such agents as may be necessary to constitute and continue the appointment of such agents hereunder. In the event that such agent and attorney resigns or otherwise becomes incapable of acting as such, the Maker will appoint a successor agent and attorney in the City of New York, reasonably satisfactory to the Holder, with like powers. The Maker hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Note or any transaction relating thereto, and agrees that any such action, suit or proceeding shall be brought only in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. The Maker hereby irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. THE MAKER HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS NOTE OR ANY TRANSACTION RELATING THERETO.

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas

By: _____

Name: Victor M. Rivas

Title: CEO

EXHIBIT 4.4

PROMISSORY NOTE

$1,000,000.00 August 31, 2001

FOR VALUE RECEIVED, LADENBURG THALMANN FINANCIAL SERVICES INC., a Florida corporation ("Maker"), having an address at 590 Madison Avenue, New York, New York 10022, hereby promises to pay to the order of _____, a Delaware corporation, its successors and/or assigns (any of which is hereinafter referred to as "Holder"), at _____, in lawful money of the United States, the sum of One Million Dollars and No Cents ($1,000,000.00), together with interest thereon at the Prime Rate as published in the Wall Street Journal plus 1% from the date hereof to the date of payment, on the earlier of (i) February 28, 2002 and (ii) the next business day after Maker receives its federal income tax refund for the fiscal year ending September 30, 2001 ("Refund"). At the Holder's request, payments shall be made by wire transfer to an account designated by the Holder. This Note, however, may be prepaid in whole or in part at any time without penalty or premium but with payment of accrued interest to the date of prepayment. This Note is being issued together with a Warrant, dated as of the date hereof, entitling the Holder to purchase 100,000 shares of the Maker's common stock, par value $0.0001 per share, at an exercise price of $1.00 per share (subject to adjustment).

So long as any amount under this Note remains outstanding and unpaid, Maker will not, unless otherwise consented to in writing by the Holder, create, incur, assume or suffer to exist (excluding the $20 million aggregate principal amount of senior convertible promissory notes previously issued to New Valley Corporation, Berliner Effektengesellschaft AG and Holder and the $1 million promissory note issued to _____ on the date hereof) any indebtedness for borrowed funds (institutional or otherwise) which is not subordinated in all respects to the indebtedness under this Note.

Holder may, with or without notice to Maker or any guarantor or other party liable herefor, extend or renew this Note, or extend the time for making payment of any amount provided for herein, or accept any amount in advance, all without affecting the liability of Maker or any other party or guarantor liable herefor.

Upon the occurrence of a default, the whole sum of principal shall become due immediately at the option of Holder. Default shall include, but not be limited to: (i) failure to make any payment hereunder at the time prescribed for payment; (ii) filing, as to the Maker or any guarantor or indorser of this Note, of an involuntary petition which is not dismissed within sixty (60) days or of a voluntary petition under the provisions of the Federal Bankruptcy Code or any state statute for the relief of debtors; (iii) the granting of any lien or any encumbrance by Maker on the Refund; (iv) default in the payment of principal or interest on any obligation in excess of $50,000 for borrowed money beyond the period of grace, if any, provided with respect thereto or default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto, if the effect thereof is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause such obligation to become due prior to its stated maturity and such default remains unremedied for a period of 10 days; (vi) final judgment for the payment of money

in excess of $50,000 shall be rendered against Maker and the same shall remain undischarged for a period of thirty (30) days during which execution of such judgment shall not be effectively stayed; (vii) the non-payment, for any reason, of any check tendered to Holder by Maker; or (viii) any breach or other default by the Maker under this Note or the $10 million principal amount senior convertible promissory note issued by Maker to _____ on May 7, 2001.

The times for the payment of the principal sum as herein stated are of the essence of this Note. Upon the occurrence of a default, the amount of the principal sum hereunder, plus reasonable attorneys fees and expenses, shall bear interest from the date thereof to the actual date of payment (whether such payment is made voluntarily or as a result of legal process) at the maximum rate of interest permitted by law or 18% per annum, whichever is lower, from the date of the default to the date of actual payment.

The Maker shall not consolidate or merge into, or transfer or lease all or substantially all of its assets to, any person unless (i) the person is a corporation, (ii) the person assumes in a writing reasonably acceptable to the Holder all the obligations of the Maker under this Note and (iii) immediately after the transaction, no default exists. The surviving transferee or lessee corporation shall be the successor Maker, but the predecessor Maker in the case of a transfer or lease shall not be released from the obligation to pay the principal of and interest of this Note.

Maker and each other party liable herefor, whether principal, endorser, guarantor or otherwise, jointly and severally hereby (i) waive presentment, demand, protest, notice of dishonor and/or protest, notice of non-payment and all other notices or demands in connection with the delivery, acceptance, performance, default, enforcement or guaranty of this Note, (ii) waive recourse to suretyship defenses generally, including extensions of time, releases of security and other indulgences which may be granted from time to time by Holder to Maker or any party liable herefor, and (iii) agree to pay all costs and expenses, including reasonable attorneys fees, in connection with the enforcement or collection of this Note.

Nothing contained in this Note or in any other agreement between Maker and Holder shall require Maker to pay, or Holder to accept, interest in an amount which would subject Holder to any penalty or forfeiture under applicable law. In no event shall the total of all charges payable hereunder, whether of interest or of such other charges which may or might be characterized as interest, exceed the maximum rate permitted to be charged under applicable law. Should Holder receive any payment which is or would be in excess of that permitted to be charged under such applicable law, such payment shall have been and shall be deemed to have been made in error and shall automatically be applied to reduce the principal balance outstanding on this Note.

Holder shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights and/or remedies hereunder, and no waiver whatsoever shall be valid unless in writing, signed by Holder, and then only to the extent therein set forth. The making of any demands or the giving of any notices by Holder or a waiver by Holder of any right and/or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy which Holder would otherwise have on any future occasion. All rights and remedies of Holder shall be cumulative and may be exercised singly or concurrently.

This Note may be assigned at any time by Holder to any person

controlling, controlled by or under common control with the Holder or to any affiliate of the Holder on notice to Maker.

The terms and provisions hereof shall survive the payment, cancellation or surrender of this Note. Any instrument taken by Holder in payment of, or for application against, any obligation of Maker or any other party liable herefor shall not operate as a discharge of such obligation until the instrument is finally paid, notwithstanding the fact that a bank may be the maker, drawer or acceptor of such instrument.

This Note shall be governed and construed in accordance with the law of the State of New York without giving effect to choice of law principles. MAKER AND EACH OTHER PARTY LIABLE HEREFOR, IN ANY LITIGATION IN WHICH HOLDER SHALL BE AN ADVERSE PARTY, WAIVES TRIAL BY JURY AND WAIVES THE RIGHT TO INTERPOSE ANY DEFENSE, SETOFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION. ANY SUCH LITIGATION SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE NEW YORK STATE OR FEDERAL COURTS LOCATED IN NEW YORK CITY.

LADENBURG THALMANN FINANCIAL SERVICES INC.

By:

Name: J. Bryant Kirkland III
Title: Chief Financial Officer

EXHIBIT 10.1

AMENDMENT NO. 2 TO LOAN AGREEMENT

AMENDMENT NO. 2 dated as of August 31, 2001 to Loan Agreement, dated as of February 8, 2001, as amended, between LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI CAPITAL MANAGEMENT CORP.) and FROST-NEVADA, LIMITED PARTNERSHIP ("Loan Agreement").

WHEREAS, the Borrower entered into a Stock Purchase Agreement ("Stock Purchase Agreement"), dated February 8, 2001, as amended, among the Borrower, New Valley Corporation ("New Valley"), Ladenburg, Thalmann Group Inc. ("LTGI"), Berliner Effektengesellschaft AG ("Berliner") and Ladenburg, Thalmann & Co. Inc. ("Ladenburg"); and

WHEREAS, the Borrower and Lender entered into the Loan Agreement, dated as of February 8, 2001, as amended, pursuant to which the Lender provided certain funds to the Borrower that were used in the Stock Purchase Agreement by the Borrower; and

WHEREAS, the Borrower has entered into an Amendment No. 2 to the Stock Purchase Agreement, dated as of the date hereof, among the Borrower, New Valley, LTGI, Berliner and Ladenburg; and

WHEREAS, the Borrower and Lender desire to similarly amend the Loan Agreement and Lender Note in certain respects as set forth herein (capitalized terms used herein that are defined in the Loan Agreement or Lender Note shall have the same meanings herein as in the Loan Agreement and Lender Note);

IT IS AGREED:

1. The first paragraph of Section 1 of the Lender Note is hereby amended in its entirety to read as follows:

"1. Conversion of Note

The principal of and accrued interest on this Note shall be convertible, in whole or in part, at any time, at the election of the Holder, into that number of fully paid and non-assessable shares of the Maker's common stock, par value $0.0001 per share ("Common Stock"), determined by

dividing the amount of principal and interest to be so converted by the "Conversion Price" (as hereinafter defined) in effect at the time notice of conversion is given to the Maker as set forth below. As used herein, "Conversion Price" means, initially, $1.5390594. The Conversion Price shall be decreased ("Conversion Price Adjustment") from time to time as set forth in the Stock Purchase Agreement, as amended, by the amount obtained by taking the product of $1.5390594 and the Final Purchase Price Adjustment Percentage (as such term is defined in the Stock Purchase Agreement, as amended). Notwithstanding the foregoing, if the Conversion Price, after adjustment as set forth in the previous sentence, would not yield a number of shares of Common Stock equal to at least the sum of (x) 5,000,000 shares of Common Stock and (y) 20% of the sum of (i) the additional shares issuable to Lender as a result of the Conversion Price Adjustment and (ii) all other shares of Common Stock to be issued and issuable to LTGI and Berliner pursuant to Section 2.4 of the Stock Purchase Agreement, the Conversion Price will be further adjusted such that Lender, upon conversion of this Note, will receive such sum of 5,000,000 shares of Common Stock and 20% of the total number of additional shares issuable as a result of

the Conversion Price Adjustment and Section 2.4 of the Stock Purchase Agreement."

3. As amended hereby, the Loan Agreement shall continue in full force and effect. All references to the "Agreement" shall hereafter mean as amended hereby. This Amendment No. 2 and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the law of the State of New York. BORROWER, IN ANY LITIGATION IN WHICH LENDER SHALL BE AN ADVERSE PARTY, WAIVES TRIAL BY JURY, WAIVES THE RIGHT TO CLAIM THAT A FORUM SPECIFIED HEREIN IS AN INCONVENIENT FORUM AND WAIVES THE RIGHT TO INTERPOSE ANY SETOFF, DEDUCTION OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION AND CONSENTS TO THE JURISDICTION OF THE COURTS (CITY, STATE AND FEDERAL) LOCATED IN THE CITY, COUNTY AND STATE OF NEW YORK AND TO SERVICE OF PROCESS BY REGISTERED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH ABOVE OR SUCH OTHER ADDRESS AS BORROWER SHALL NOTIFY LENDER IN WRITING IS TO BE USED FOR SUCH PURPOSE. If any of the provisions of this Amendment No. 2 shall be or become illegal or unenforceable under any law, the other provisions shall remain in full force and effect.

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4. This Amendment No. 2 may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 2 by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment No. 2.

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IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 as of the date first above written.

LADENBURG THALMANN FINANCIAL SERVICES INC.
(f/k/a GBI CAPITAL MANAGEMENT CORP.)

/s/ Victor M. Rivas
By: ----------
Name: Victor M. Rivas
Title: President and Chief Executive Officer
Telecopier No.: 212-317-8192

FROST-NEVADA, LIMITED PARTNERSHIP
By: Frost-Nevada Corporation, General Partner

/s/ David Moskowitz
By: ----------
Name: David Moskowitz
Title: President
Telecopier No.: 775-827-2185

EXHIBIT 10.2

SECOND AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI Capital Management Corp.) (the "Parent"), a Florida corporation, GBI CAPITAL PARTNERS INC. (formerly known as Gaines, Berland Inc.) (the "Company"), a New York corporation and wholly-owned subsidiary of the Parent, and RICHARD J. ROSENSTOCK (the "Executive") have entered into an employment agreement (the "Agreement"), dated August 24, 1999, a first amendment to the Agreement (the "First Amendment"), dated as of February 8, 2001, and a letter amendment (the "Letter Amendment," and together with the Agreement and First Amendment, the "Amended Agreement"), dated as of February 8, 2001;

WHEREAS, the Company and the Executive desire to amend the Amended Agreement;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Amended Agreement as follows (capitalized terms used herein and that are defined in the Agreement and/or the First Amendment shall have the same meanings herein as in the Agreement and/or the First Amendment, respectively):

1. Effective August 1, 2001, the Executive's annual salary, as set forth in Section 1 of the First Amendment, is hereby amended to Three Hundred Forty Thousand Dollars ($340,000).

2. Effective August 1, 2001, the Executive shall no longer be entitled to the Guaranteed Bonus, as set forth in Section 1 of the First Amendment.

3. Commencing August 1, 2001, the Executive shall be entitled to receive 0.25% of all retail and institutional brokerage commissions generated from the Company's Covered Offices. As used herein, "Covered Offices" shall mean the Company's offices located in Bethpage, New York and New York, New York (Cortlandt Street). Additionally, if at any time during the term of the Amended Agreement, (i) any individual whose name is set forth on Exhibit A hereto ceases, for any reason, to work at a Covered Office in order to begin working at another affiliate office of the Parent, Ladenburg Thalmann & Co. Inc. or the Company (collectively, the "Affiliate Offices"), the Executive shall continue be entitled to receive 0.25% of all retail and institutional brokerage commissions generated by such individual at such individual's new office, and (ii) any individual, (other than those persons who previously worked at a Covered Office whose names are set forth on Exhibit B) ceases, for any reason, to work at an Affiliate Office in order to begin working at a Covered Office, the Executive shall not be entitled to receive any of the commissions generated by such individual at a Covered Office. All sums required to be paid to the Executive pursuant to this Paragraph 3 shall be paid to Executive on a monthly basis.

4. From August 1, 2001 through September 30, 2001, the Executive shall receive the percentage set forth on Exhibit C hereto of Total Revenue (as defined below) of the Parent. Commencing on October 1, 2001, the Executive shall be entitled to participate in the Incentive Plan; provided, however, that

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the Executive's participation in the Incentive Plan may be limited by the Compensation Committee so that the Executive may not receive in excess of the percentage set forth on Exhibit C hereto of Total Revenue per year under the Incentive Plan. As used herein, "Total Revenue" for any fiscal year means the Parent's total consolidated revenues, as reported in the Parent's audited consolidated financial statements for the year.

During the term of the Agreement, Reason shall be deemed to exist under the Agreement if after September 30, 2001, the Incentive Plan is amended in any manner adverse to the Executive (including without limitation any change in the performance criteria or the computation of the Override) or the Compensation Committee fails during any year to award the Executive, upon satisfaction of the performance criteria in the Incentive Plan, the percentage set forth on Exhibit C hereto of Total Revenue; provided, however, that Executive agrees that the Compensation Committee may amend the Incentive Plan in order to change the Incentive Plan's "Year" from a fiscal year ending September 30 to a fiscal year ending December 31 in order to align the Plan's "Year" with that of the Parent's fiscal year end.

5. Except as otherwise amended as hereinabove provided, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment to the Amended Agreement as of August 31, 2001.

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas
Title: CEO

GBI CAPITAL PARTNERS INC.

/s/ Mark Zeitchick
By: _____
Name: Mark Zeitcheck
Title: Executive Vice President

/s/ Richard J. Rosenstock
- ----------
RICHARD J. ROSENSTOCK,
EXECUTIVE

EXHIBIT 10.3

SECOND AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI Capital Management Corp.) (the "Parent"), a Florida corporation, GBI CAPITAL PARTNERS INC. (formerly known as Gaines, Berland Inc.) (the "Company"), a New York corporation and wholly-owned subsidiary of the Parent, and MARK ZEITCHICK (the "Executive") have entered into an employment agreement (the "Agreement"), dated August 24, 1999, a first amendment to the Agreement (the "First Amendment"), dated as of February 8, 2001, a letter amendment (the "Letter Amendment"), dated as of February 8, 2001, and a second letter amendment ("Second Letter Amendment," and together with the Agreement, the First Amendment and the Letter Amendment, the "Amended Agreement"), dated as of May 7, 2001;

WHEREAS, the Company and the Executive desire to amend the Amended Agreement;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Amended Agreement as follows (capitalized terms used herein and that are defined in the Agreement and/or the First Amendment shall have the same meanings herein as in the Agreement and/or the First Amendment, respectively):

1. Effective August 1, 2001, the Executive's annual salary, as set forth in Section 3(A) of the Agreement, is hereby amended to Ninety Thousand Dollars ($90,000).

2. Effective August 1, 2001, Exhibit A attached to the First Amendment is hereby replaced by the attached Exhibit A-1 to reflect a change in the percentages of Total Revenue that the Executive is entitled to receive under the Incentive Plan.

3. Executive agrees that the Compensation Committee may amend the Incentive Plan in order to change the Incentive Plan's "Year" from a fiscal year ending September 30 to a fiscal year ending December 31 in order to align the Plan's "Year" with that of the Parent's fiscal year end and that such amendment shall not be deemed to be Reason under the Agreement.

4. Except as otherwise amended as hereinabove provided, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Second

Amendment to the Amended Agreement as of August 31, 2001.

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas
Title: CEO

GBI CAPITAL PARTNERS INC.

/s/ Richard Rosenstock
By: _____
Name: Richard Rosenstock
Title: President & CEO

/s/ Mark Zeitchick
_____
MARK ZEITCHICK,
EXECUTIVE

EXHIBIT 10.4

SECOND AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI Capital Management Corp.) (the "Parent"), a Florida corporation, GBI CAPITAL PARTNERS INC. (formerly known as Gaines, Berland Inc.) (the "Company"), a New York corporation and wholly-owned subsidiary of the Parent, and VINCENT A. MANGONE (the "Executive") have entered into an employment agreement (the "Agreement"), dated August 24, 1999, a first amendment to the Agreement (the "First Amendment"), dated as of February 8, 2001, a letter amendment (the "Letter Amendment"), dated as of February 8, 2001, and a second letter amendment ("Second Letter Amendment," and together with the Agreement, the First Amendment and the Letter Amendment, the "Amended Agreement"), dated as of May 7, 2001;

WHEREAS, the Company and the Executive desire to amend the Amended Agreement;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Amended Agreement as follows (capitalized terms used herein and that are defined in the Agreement and/or the First Amendment shall have the same meanings herein as in the Agreement and/or the First Amendment, respectively):

1. Effective August 1, 2001, the Executive's annual salary, as set forth in Section 3(A) of the Agreement, is hereby amended to Ninety Thousand Dollars ($90,000).

2. Effective August 1, 2001, Exhibit A attached to the First Amendment is hereby replaced by the attached Exhibit A-1 to reflect a change in the percentages of Total Revenue that the Executive is entitled to receive under the Incentive Plan.

3. Executive agrees that the Compensation Committee may amend the Incentive Plan in order to change the Incentive Plan's "Year" from a fiscal year ending September 30 to a fiscal year ending December 31 in order to align the Plan's "Year" with that of the Parent's fiscal year end and that such amendment shall not be deemed to be Reason under the Agreement.

4. Except as otherwise amended as hereinabove provided, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment to the Amended Agreement as of August 31, 2001.

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas
Title: CEO

GBI CAPITAL PARTNERS INC.

/s/ Richard Rosenstock
By: _____
Name: Richard Rosenstock
Title: President & CEO

/s/ Vincent A. Mangone
_____
VINCENT A. MANGONE,
EXECUTIVE

EXHIBIT 10.5

SECOND AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, LADENBURG THALMANN FINANCIAL SERVICES INC. (f/k/a GBI Capital Management Corp.) (the "Parent"), a Florida corporation, GBI CAPITAL PARTNERS INC. (formerly known as Gaines, Berland Inc.) (the "Company"), a New York corporation and wholly-owned subsidiary of the Parent, and JOSEPH BERLAND (the "Executive") have entered into an employment agreement (the "Agreement"), dated August 24, 1999, a first amendment to the Agreement (the "First Amendment"), dated as of February 8, 2001, and a letter amendment (the "Letter Amendment," and together with the Agreement and First Amendment, the "Amended Agreement"), dated as of February 8, 2001;

WHEREAS, the Company and the Executive desire to amend the Amended Agreement;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Amended Agreement as follows:

1. Effective August 1, 2001, the Executive's annual salary, as set forth in Section 3 of the First Amendment, is hereby amended to One Hundred Fifty Thousand Dollars ($150,000).

2. Except as otherwise amended as hereinabove provided, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment to the Amended Agreement as of August 31, 2001.

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas
By: _____
Name: Victor M. Rivas
Title: CEO

GBI CAPITAL PARTNERS INC.

/s/ Richard Rosenstock
By: _____
Name: Richard Rosenstock
Title: President & CEO

/s/ Joseph Berland
_____
JOSEPH BERLAND,
EXECUTIVE

EXHIBIT 10.6

THE REGISTERED HOLDER OF THIS WARRANT, BY
ITS ACCEPTANCE HEREOF, AGREES THAT IT
WILL NOT SELL, TRANSFER OR ASSIGN
THIS WARRANT EXCEPT AS HEREIN
PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, August 31, 2006

WARRANT

For the Purchase of

100,000 Shares of Common Stock

of

LADENBURG THALMANN FINANCIAL SERVICES INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of a loan in the amount of $1,000,000.00 and other good and valuable consideration, duly paid by or on behalf of _____ ("Holder"), as registered owner of this Warrant, to Ladenburg Thalmann Financial Services Inc. ("Company"), Holder is entitled, at any time or from time to time at or after August 31, 2001 ("Commencement Date"), and at or before 5:00 p.m., Eastern Time August 31, 2006 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to 100,000 shares of Common Stock of the Company, ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. This Warrant is initially exercisable at $1.00 per share of Common Stock purchased; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

2. Exercise.

2.1 Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Issue Tax. The issuance of certificates for the shares of Common Stock underlying this warrant upon the exercise of this Warrant shall be made without charge to the Holder for any issue tax in respect thereof.

2.3 Legend. Each certificate for Securities purchased under this

Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

> "The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

3. Transfer.

3.1 General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

4. New Warrants to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification, the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

5. Registration Rights. The Company has agreed to file a registration statement with the Commission to include the shares of Common Stock purchasable under this Warrant on a registration statement pursuant to an Investor Rights Agreement, dated as of February 8, 2001, as amended ("IRA"), among the Company, the original Holder of this Warrant, New Valley Corporation, New Valley Capital Corporation (f/k/a Ladenburg, Thalmann Group Inc.), Berliner Effektengesellschaft AG and The Principals (as defined in the IRA). These registration rights shall inure to the benefit of the transferees of this Warrant and the shares underlying it.

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6. Adjustments

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Stock Dividends - Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 6.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.

6.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.2, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

6.1.3 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 6.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

6.1.4 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 6.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2, 6.1.3 and this Section 6.1.4. The provisions of this Section 6.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

6.1.5 Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number

of shares of Common Stock and Warrants as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

6.2 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any shareholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on the American Stock Exchange and all other securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or as having any rights whatsoever as a shareholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, the Company shall give notice or make a mailing to its shareholders, then the Company shall simultaneously give such notice and make such mailing to the Holder.

8.2 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's President and Chief Financial Officer.

8.3 Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt by the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

9. Miscellaneous.

9.1 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

9.2 Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant)

constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.3 Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective

successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

9.4 Governing Law. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws.

9.5 Waiver, Etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 31st day of August, 2001.

LADENBURG THALMANN FINANCIAL SERVICES INC.

By:_____
Name: J. Bryant Kirkland III
Title: Chief Financial Officer

Form to be used to exercise Warrant:

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

Date: _____, 200__

The undersigned hereby elects irrevocably to exercise the

within Warrant and to purchase _____ shares of Common Stock of Ladenburg Thalmann Financial Services Inc. and hereby makes payment of $_____ (at the rate of $_____ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

_____
Signature

- _____
Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

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Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, _____ does hereby sell, assign and transfer unto _____ the right to purchase _____ shares of Common Stock of Ladenburg Thalmann Financial Services Inc. ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: _____, 200__

_____
Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

EXHIBIT 10.7

LADENBURG THALMANN FINANCIAL SERVICES INC.
590 Madison Avenue
New York, New York 10022

Gentlemen:

This letter shall serve to amend ("Amendment No. 1") the Investor Rights Agreement ("Agreement"), dated as of February 8, 2001, among Ladenburg Thalmann Financial Services Inc. (f/k/a GBI Capital Management Corp.) ("Corporation"), New Valley Corporation, New Valley Capital Corporation (f/k/a Ladenburg, Thalmann Group Inc.), Berliner Effektengesellschaft AG, Frost-Nevada, Limited Partnership and The Principals (capitalized terms used herein that are defined in the Agreement shall have the same meanings herein as in the Agreement).

1. The term "Warrants" shall have the following meaning in the Agreement, as amended hereby:

> "Warrants" means, collectively, the Warrants issued by the Corporation to New Valley and Lender in connection with the separate loans made by each party to the Corporation as of August 31, 2001."

2. The definition of "Registrable Securities" is hereby amended to read as follows:

> "Registrable Securities" means only (i) the shares of Common Stock issued or issuable to the Sellers under the Stock Purchase Agreement, (ii) shares of Common Stock issuable upon conversion of the Notes, (iii) shares of Common Stock issuable upon exercise of the Warrants and (iv) any additional shares of Common Stock by way of a dividend, stock split or other distribution in respect of such shares, and shall not include any other securities of the Corporation acquired by or issued to the parties hereto. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the 1933 Act and such securities shall have been disposed of in accordance with such registration statement, (ii) they shall have been distributed to the public pursuant to Rule 144 or (iii) they shall have ceased to be outstanding."

3. The first sentence of Section 3(a)(i) of the Agreement is hereby amended to read as follows:

> "(i) Grant of Right. As soon as practicable after August 31, 2001, the Corporation shall file, and use commercially reasonable efforts to cause to be declared effective by the Commission, a registration statement (the "Required Registration Statement") to register the Registrable Securities owned by the Sellers and the Lender (the "Holders") for resale pursuant to the 1933 Act."

4. The parties hereby agree that, for purposes of Section 3(a)(i) of the Agreement, the Corporation has used commercially reasonable efforts to file, and cause to be declared effective, the Required Registration Statement as it was required to prior to this Amendment No. 1. Accordingly, the parties agree that no claim shall be made against the Corporation arguing any failure on the Corporation's part to satisfy its obligations under Section 3 of the Agreement prior to this Amendment No. 1.

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5. The parties agree that, because David Thalheim has held the shares owned by him that are covered by the Agreement for more than two years, and at the present time, and for the past 90 days, has not been an affiliate of the Corporation, Mr. Thalheim may sell his shares in the open market pursuant to Rule 144(k). Accordingly, the parties agree that, as soon as practicable hereafter, an opinion from Graubard Miller shall be issued to American Stock Transfer & Trust Company, transfer agent for the Corporation's common stock, authorizing the removal of all legends from Mr. Thalheim's stock certificate.

Dated as of August 31, 2001

LADENBURG THALMANN FINANCIAL SERVICES INC.

/s/ Victor M. Rivas
By:_____
Name: Victor M. Rivas
Title: CEO

AGREED:

NEW VALLEY CORPORATION

/s/ Richard J. Lampen
By: _____
Name: Richard J. Lampen
Title: Executive Vice President

NEW VALLEY CAPITAL CORPORATION (f/k/a Ladenburg, Thalmann Group Inc.)

/s/ Richard J. Lampen
By: _____
Name: Richard J. Lampen
Title: Executive Vice President

BERLINER EFFEKTENGESELLSCHAFT AG

/s/ Holger Timm
By: _____
Name: Holger Timm
Title: CEO

FROST-NEVADA, LIMITED PARTNERSHIP

/s/ David Moskowitz
By: _____
Name: David Moskowitz
Title: President of Frost-Nevada Corporation, General Partner

PRINCIPALS:

/s/ Richard J. Rosenstock
- ----------
Richard J. Rosenstock

/s/ Mark Zeitchick
- ----------
Mark Zeitchick

/s/ Vincent A. Mangone
- ----------
Vincent A. Mangone

/s/ David Thalheim
- ----------
David Thalheim