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MORGAN GROUP HOLDING CO
Form 10KSB
April 03, 2006

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FORM 10-KSB

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005 Commission file number 333-73996

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

MORGAN GROUP HOLDING CO.

(Exact name of Registrant as specified in its charter)

Delaware

13-4196940

State of other jurisdiction
incorporation or organization

(I.R.S. Employer
Identification No.)

401 Theodore Fremd Avenue, Rye, NY

10580

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (914) 921-1877

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is not required to file reports
pursuant to Section 13 or Section 15(d) of the Act Yes No X

Indicate by check mark whether the Registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the
preceding 12 months (or for such shorter period that the Registrant was required
to file such reports), and (2) has been subject to such filing requirements for
the past 90 days. Yes X No

Indicate by mark if disclosure of delinquent filers pursuant to Item 405 of
Regulations S-K is not contained herein, and will not be contained, to the best

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of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-KSB. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes X No

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The issuer's revenues for the fiscal year ended December 31, 2005 was [\$0].

As of March 20, 2006, the aggregate market value of the Registrant's voting and nonvoting common equity held by non-affiliates of the Registrant was approximately \$255,000, which value, solely for the purposes of this calculation, excludes shares held by the Registrant's officers, directors, and their affiliates. Such exclusion should not be deemed a determination or an admission by the issuer that all such individuals are, in fact, affiliates of the issuer.

The number of outstanding shares of the Registrant's Common Stock was 3,055,345 as of March 20, 2006.

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PART I

Item 1. Business.

Morgan Group Holding Co. (the "Company" or "MGHL") was incorporated in November 2001 to serve, among other business purposes, as a holding company for Lynch Interactive Corporation's ("Lynch Interactive") controlling interest in The Morgan Group, Inc. ("Morgan"). Morgan managed the delivery of manufactured homes, commercial vehicles and specialized equipment. Upon the Company's formation as a wholly owned subsidiary of Lynch Interactive, Lynch Interactive made a capital contribution to MGHL of \$500,000. Lynch Interactive also transferred to MGHL 161,100 shares of Morgan's Class A common stock, warrants to purchase an additional 161,100 such shares at \$9.00 per share, 2,200,000 shares of Morgan's Class B common stock and warrants to purchase an additional 2,200,000 such shares at \$9.00 per share, giving MGHL control of more than 80% of Morgan's aggregate voting power. On January 24, 2002, Lynch Interactive spun off all but 235,294 of its shares in MGHL to its stockholders.

Unfortunately, a combination of industry dynamics, poor management decisions, and a surge in insurance costs crippled Morgan. On October 3, 2002 Morgan ceased operations when its liability insurance expired and it was unable to secure replacement insurance. On October 18, 2002, Morgan and two of its operating subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Indiana, South Bend Division. As of December 31, 2004, the debtors of Morgan were continuing to conduct an orderly liquidation of their assets.

Effective October 15, 2002, the shares of Morgan's Class A Common Stock were delisted from the American Stock Exchange. The stock exchange determined that Morgan's Class A Common Stock no longer satisfied Sections 1002, 1003 and 1009 of the listing rules.

On November 12, 2002, Morgan filed a Certification and Notice of Termination of Registration under Section 12(g) of the Securities Exchange Act of 1934.

The Company expects that its ownership interest in Morgan will have no residual value upon completion of the liquidation of the assets of The Morgan Group Inc. The Company's strategy is to look for additional investment opportunities. However the loss did yield a capital loss of about \$4 million.

Risk Factors That May Affect Future Results

The Company operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. The following discussion highlights the most material of the risks.

We have no substantial assets for operations.

As of December 31, 2005, the Company's only assets consisted of \$408,000 in cash and an unrecognized asset relating to capital loss carry

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forward of about \$4 million. This amount is insufficient to maintain commercially reasonable operations. In addition, the Company has no product to sell and has no revenue.

We need additional financing.

The Company has very limited funds, and such funds may not be adequate to take advantage of any available business opportunities. Even if the Company's currently available funds prove to be sufficient until it is able to acquire an interest in, or complete a transaction with, a business opportunity, such funds will not be sufficient to enable it to exploit the opportunity. There is no assurance that additional capital will be available from any source or, if available, that it can be obtained on terms acceptable to the Company. If additional funds are not available, the Company's operations will be limited to those that can be financed with its modest capital.

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There are conflicts of interest inherent in our existence as a company and acquisition candidate.

Certain conflicts of interest exist between the Company and its officers and directors. Such individuals have other business interests to which they currently devote attention, and are expected to continue to do so. Consequently, conflicts of interest may arise that can be resolved only through their exercise of judgment in a manner which is consistent with their fiduciary duties to the Company.

It is anticipated that the Company's principal stockholders may actively negotiate or otherwise consent to the purchase of a portion of their common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. In this process, the Company's principal stockholders may consider their own personal pecuniary benefit rather than the best interest of other Company stockholders. Depending upon the nature of a proposed transaction, Company stockholders other than the principal stockholders may not be afforded the opportunity to approve or consent to a particular transaction.

The potential business opportunity has not been identified and may be highly risky.

The Company has not identified, nor has it initiated, any commitments to enter into or acquire a specific business opportunity. As a result, it is only able to make general disclosures concerning the risks and hazards of acquiring a business opportunity, rather than providing disclosure with respect to specific risks and hazards. As a general matter, prospective investors can expect any potential business opportunity to be quite risky.

The type of business opportunity that may be acquired presents certain risks.

The type of business to be acquired may be one that desires to avoid effecting its own public offering and the accompanying expense, delays, uncertainties, and onerous federal and state requirements. Because of the Company's limited capital, it is more likely than not that any acquisition by the Company will involve other parties whose primary interest is the acquisition of control of a publicly traded company. Moreover, any business opportunity acquired may be currently unprofitable or present other negative factors.

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Item 2. Properties.

The Company owns no properties.

Item 3. Legal Proceedings.

The Company is not a party to any legal proceedings.

Item 4. Submission of Matters To a Vote of Security Holders.

None.

PART II

Item 5. Market For The Registrant's Common Equity And Related Stockholder Matters.

The shares of our common stock trades on the [pink sheets], under the symbol: MGHL.PK. The following table sets forth the high and low market prices of the common stock for the periods indicated, as reported by published sources.

| | High | Low |
|------------------|---------|--------|
| 2005 Fiscal Year | | |
| First Quarter | \$0.09 | \$0.08 |
| Second Quarter | \$0.10 | \$0.08 |
| Third Quarter | \$0.115 | \$0.09 |
| Fourth Quarter | \$0.101 | \$0.09 |

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| | | |
|------------------|--------|--------|
| 2004 Fiscal Year | | |
| First Quarter | \$0.10 | \$0.10 |
| Second Quarter | \$0.10 | \$0.06 |
| Third Quarter | \$0.07 | \$0.06 |
| Fourth Quarter | \$0.08 | \$0.07 |

As of March 20, 2006, there were approximately 800 holders of record of the Company's common stock.

The Company has never declared a cash dividend on its common stock and its Board of Directors does not anticipate that it will pay cash dividends in the foreseeable future.

The Company has never repurchased any of its equity securities and does not anticipate that it will do so in the foreseeable future.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Overview

The Company was incorporated in November 2001 as a wholly-owned subsidiary of Lynch Interactive Corporation ("Interactive") to serve as an acquisition vehicle. Initially, we received \$500,000 cash and 68.5% of The Morgan Group, Inc.'s ("Morgan") equity interest and 80.8% of Morgan's voting interest. On January 24, 2002, Interactive spun off 2,820,051 shares of our

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common stock through a pro rata distribution ("Spin-Off") to its stockholders. Interactive retained 235,294 shares at the time of the spin-off.

A combination of industry dynamics, poor management decisions, and a surge in insurance costs crippled Morgan. On October 3, 2002, Morgan ceased operations when its liability insurance expired and it was unable to secure replacement insurance. On October 18, 2002, Morgan and two of its operating subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Indiana, South Bend Division for the purpose of conducting an orderly liquidation of Morgan's assets.

As Morgan is in the process of liquidation, in the accompanying financial statements the assets and liabilities and results of operations of Morgan have been reflected as a discontinued operation. In addition, the Company's management currently believes that it is very unlikely that the Company will realize any value from its equity ownership in Morgan. Given the fact that the Company has no obligation or intention to fund any of Morgan's liabilities, management believes that the Company's investment in Morgan will have no value after the liquidation. As the liquidation of Morgan is under the control of the bankruptcy court, the Company believes it has relinquished control of Morgan and accordingly has ceased consolidating the financial statements of Morgan.

On October 18, 2002, Morgan adopted the liquidation basis of accounting and accordingly, Morgan's assets and liabilities have been adjusted to estimate net realizable value. As the carry value of Morgan's liabilities exceeded the fair value of its assets, the liabilities were reduced to equal the estimated net realizable value of the assets.

As of December 31, 2005, the Company's only assets consisted of \$408,000 in cash and an unrecognized asset relating to capital loss carryforward of about \$4 million.

The Company currently has no operating businesses and will seek acquisitions as part of its strategic alternatives. Its only costs are the administrative expenses required to make the regulatory filings needed to maintain its public status. These costs are estimated at \$25,000 to \$50,000 per year.

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Results of Operations

For the year ended December 31, 2005, the Company incurred administrative expenses of \$3,000 as compared to \$2,000 in 2004. Administrative expenses are lower than expected due to the Company's inability to retain an independent auditor.

Investment income of \$10,000 was recorded during the three years ended December 31, 2005 as compared to \$4,000 during 2004 respectively as a result of the Company's investment in a United States Treasury money market fund. Higher interest rates caused the increase in 2005.

Recently Issued Accounting Pronouncements

No need - only footnotes of financials.

Item 7. Financial Statements.

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Financial Statements

Balance Sheets as of
December 31, 2005 and December 31, 2004

Statements of Operations for the
Two Years Ended December 31, 2005

Statements of Cash Flows for the
Two Years Ended December 31, 2005

Statements of Shareholders' Equity for the
Two Years Ended December 31, 2005

Notes to Financial
Statements as of December 31, 2005

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Morgan Group Holding Co.
Balance Sheets
(Dollars in thousands, except per share amounts)

| | December 31, | |
|---|--------------|---------|
| | 2005 | 2004 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 408 | \$ 401 |
| Total current assets | 408 | 401 |
| Net assets of The Morgan Group, Inc. | -- | -- |
| Total assets | \$ 408 | \$ 401 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued expenses | \$ -- | \$ -- |
| Total current liabilities | -- | -- |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none outstanding | -- | -- |
| Common stock, \$0.01 par value, 10,000,000 shares authorized, 3,055,345 outstanding | 30 | 30 |
| Additional paid-in-capital | 5,612 | 5,612 |
| Accumulated deficit | (5,234) | (5,241) |
| Total shareholders' equity | 408 | 401 |
| Total liabilities and shareholders' equity | \$ 408 | \$ 401 |

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See notes to financial statements

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Morgan Group Holding Co.
Statements of Operations
(Dollars and shares in thousands, except per share amounts)

| | Year Ending December 31, | |
|-------------------------------------|--------------------------|--------|
| | 2005 | 2004 |
| Administrative expenses | \$(3) | \$(2) |
| Investment income | 10 | 4 |
| Net income | \$7 | \$ 2 |
| | | |
| Basic and diluted loss per share: | | |
| Net income per common share | \$0.00 | \$0.00 |
| Weighted average shares outstanding | 3,055 | 3,055 |

See accompanying notes

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Morgan Group Holding Co.
Statements of Cash Flows
(Dollars in thousands)

| | Year Ending December 31, | |
|--|--------------------------|--------|
| | 2005 | 2004 |
| Operating activities: | | |
| Net income | \$ 7 | \$ 2 |
| Adjustments to reconcile net income to net cash used in operating activities | -- | -- |
| Net cash provided by operating activities | 7 | 2 |
| Net increase in cash and equivalents | 7 | 2 |
| Cash and cash equivalents at beginning of period | 401 | 399 |
| Cash and cash equivalents at end of period | \$408 | \$ 401 |

See accompanying notes

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Morgan Group Holding Co.
 Statements of Shareholders' Equity
 (Dollars in thousands)

| | Common Stock Outstanding | Common Stock | Additional Paid-in Capital | Accumulated Deficit |
|---|-----------------------------|-----------------|----------------------------------|------------------------|
| January 1, 2004 | 3,055,345 | \$30 | \$5,612 | \$ (5,243) |
| Net income for year ended December 31,2004 | -- | -- | -- | 2 |
| December 31, 2004 | 3,055,045 | 30 | 5,612 | (5,241) |
| Net income for year ended December 31,2005 | -- | -- | -- | 7 |
| December 31, 2005 | 3,055,045 | \$30 | \$5,612 | \$ (5,234) |

See accompanying notes.

Morgan Group Holding Co.
 Notes to Financial Statements

Note 1. Basis of Presentation

Morgan Group Holding Co. ("Holding" or "the Company") was incorporated in November 2001 as a wholly-owned subsidiary of Lynch Interactive Corporation ("Interactive") to serve, among other business purposes, as a holding company for Interactive's controlling interest in The Morgan Group, Inc. ("Morgan"). On December 18, 2001, Interactive's controlling interest in Morgan was transferred to Holding. At the time, Holding owned 68.5% of Morgan's equity interest and 80.8% of Morgan's voting interest. On January 24, 2002, Interactive spun off 2,820,051 shares of our common stock through a pro rata distribution ("Spin-Off") to its stockholders. Interactive retained 235,294 shares of our common stock to be distributed in connection with the potential conversion of a convertible note that had been issued by Interactive. Such note was repurchased by Interactive in 2002 and Interactive retains the shares.

On October 3, 2002, Morgan ceased its operations when its liability insurance expired and it was unable to secure replacement insurance. On October 18, 2002, Morgan and two of its operating subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Indiana, South Bend Division for the purpose of conducting an orderly liquidation of Morgan's assets.

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As Morgan has ceased operations and is in the process liquidating itself, in the accompanying financial statements, the assets and liabilities and results of operations of Morgan have been reflected as a discontinued operation. In addition, Holding's management currently believes, it is very unlikely that it will realize any value from its equity ownership in Morgan, and given the fact that Holding has no obligation or intention to fund any of Morgan's liabilities, its investment in Morgan was believed to have no value after the liquidation. As the liquidation of Morgan is under the control of the bankruptcy court, the Company believes it has relinquished control of Morgan and accordingly, has ceased consolidating the financial statements of Morgan. As Holding's investment in Morgan was a negative \$2,182,000, at the date of adoption of the plan of liquidation, this resulted in a gain to Holding of that amount.

On October 18, 2002, Morgan adopted the liquidation basis of accounting and, accordingly, Morgan's assets and liabilities have been adjusted to estimate net realizable value. As the carry value of Morgan's liabilities exceeded the fair value of its assets, the liabilities were reduced to equal the estimated net realizable value of the assets.

Significant intercompany accounts and transactions have been eliminated in combination/consolidation.

Net income per common share ("EPS") is computed using the number of common shares issued in connection with the Spin-Off as if such shares had been outstanding for all periods presented.

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. The carrying value of cash equivalents approximates its fair value based on its nature.

At December 31, 2005 and 2004 all cash and cash equivalents were invested in a United States Treasury money market fund, which an affiliate of the Company serves as the investment manager.

At December 31, 2005 and 2004, the carrying value of financial instruments such as cash and cash equivalents, accounts receivable, trade payables and long-term debt approximates their fair values. Fair value is determined based on expected future cash flows, discounted at market interest rates, and other appropriate valuation methodologies.

The accompanying unaudited consolidated financial statements reflect, in the opinion of management, all adjustments (consisting of normal recurring items) necessary for a fair presentation, in all material respects, of the

financial position and results of operations for the periods presented. The preparation of financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements include the accounts of the Company and through October, 18, 2002, its majority owned subsidiary, Morgan. Morgan has the following subsidiaries: Morgan Drive Away, Inc., TDI, Inc., Interstate Indemnity Company, and Morgan Finance, Inc., all of which are wholly owned. Morgan Drive

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Away, Inc. has two subsidiaries, Transport Services Unlimited, Inc. and MDA Corp. Significant intercompany accounts and transactions have been eliminated in consolidation. During 2002, Morgan is treated as a discontinued operations and previously issued financial statements have been restated to reflect that presentation.

Recently Issued Accounting Pronouncements

In June 2004, the Emerging Issues Task Force ("EITF") issued EITF No. 03-01, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments". EITF 03-01 includes new guidance for evaluating and recording impairment losses on debt and equity investments, as well as new disclosure requirements for investments that are deemed to be temporarily impaired. The provisions of EITF 03-01 were initially effective for reporting periods beginning after June 15, 2004, while the disclosure requirements for debt and equity securities accounted for under SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", are effective for annual periods ending after December 15, 2003. In September 2004, the FASB delayed the effective date for the measurement and recognition guidance of EITF 03-01. The Company will evaluate the effect of adopting the recognition and measurement guidance when the final consensus is reached.

In December 2004, the FASB issued SFAS No.153, "Exchanges of Non-monetary Assets", which eliminates the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. SFAS No.153 will be effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not believe the adoption of SFAS No.153 will have a material impact on its financial statements.

In December 2004, the FASB issued SFAS No.123(R), "Share-Based Payment", which establishes standards for transactions in which an entity exchanges its equity instruments for goods or services. This standard requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. This eliminates the exception to account for such awards using the intrinsic method previously allowable under APB Opinion No.25. SFAS No.123(R) will be effective in the first quarter of 2006. The Company does not believe that the adoption of SFAS No.123(R) will have a material impact on its consolidated financial statements.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies that a conditional asset retirement obligation, as used in FASB Statement 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. FIN 47 was effective no later than fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have an impact on the Company's financial statements.

In May 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections". SFAS 154 eliminates the requirement in APB Opinion No. 20, "Accounting Changes", to include the cumulative effect of changes in accounting principle in the income statement in the period of change. Instead, to enhance

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the comparability of prior period financial statements, SFAS 154 requires that changes in accounting principle be retrospectively applied. Under the retrospective application, the new accounting principle is applied as of the beginning of the first period presented as if that principle had always been used. Adoption of SFAS 154 is required for accounting changes and corrections of errors made in the fiscal year beginning after December 15, 2005. The Company will adopt this new accounting standard on January 1, 2006.

Note 2. Net assets of Discontinued Operation

At December 31, 2005 and 2004, the estimated value of Morgan's assets in liquidation were insufficient to satisfy its estimated obligations.

Note 5. Income Taxes

No income tax benefit has been recorded in the accompanying financial statements as the realization of such losses, for income tax purposes, is dependent upon the generation of future taxable income during the period when such losses would be deductible. Therefore, the recording of the deferred tax asset of \$1.5 million would be inconsistent with applicable accounting rules.

Note 6. Segment Reporting

As the results of operations of the Morgan Group are currently being accounted for as discontinued operation and the Holding currently have limited operations there is no Segment Reporting.

Note 7. Commitments and Contingencies

Holding has not guaranteed any of the obligations of Morgan and it has no further commitment or obligation to fund any creditors.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 8A. Controls and Procedures.

(a) Information required by Item 307

Evaluation of disclosure controls and procedures. As required by Rule 15d-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this report, the Company carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our principal executive officer as well as our principal financial officer, who concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the

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Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act are accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Information required by Item 308(c)

None

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Item 8B. Other Information.

None.

PART III

Item 9. Directors and Executive Officers of the Registrant.

The following table sets forth the name, business address, present principal occupation, employment history, positions, offices or employments for the past five years and ages as of March 25, 2006 for our executive officers and directors. Members of the board are elected and serve for one year terms or until their successors are elected and qualify.

| Name | Age | Position |
|------------------|-------|--------------------------------------|
| ----- | ----- | ----- |
| Mario J. Gabelli | 63 | Chief Executive Officer and Director |
| Robert E. Dolan | 54 | Chief Financial Officer and Director |
| ----- | | |

Mario J. Gabelli has served as Chairman and Chief Executive Officer of the Company since November 2001. With regard to Lynch Interactive Corporation, he has served as its Chairman since December 2004 (and also from September 1999 to December 2002) and as our Vice Chairman from December 2002 to December 2004 and as Chief Executive Officer from September 1999 to November 2005. Mr. Gabelli has also served as the Chairman and Chief Executive Officer and a director of Gabelli Asset Management Inc. and its predecessors since November 1976 (and in connection with those responsibilities, he serves as director or trustee and/or an officer of registered investment companies managed by subsidiaries of Gabelli Asset Management). Mr. Gabelli also serves as Chairman and Chief Executive Officer of GGCP, Inc., a private investment company. Mr. Gabelli serves on the Board of Advisors of Healthpoint and Caymus Partners LLC. Mr. Gabelli (i) is a former Governor of the AMEX; and (ii) serves as an Overseer of Columbia University Graduate School of Business; Trustee of Fairfield University, Roger Williams University, the Winston Churchill Foundation and the E.L. Wiegand Foundation; as a Director of the National Italian American Foundation and the American-Italian Cancer Foundation; and as the Chairman of the Patron's Committee of Immaculate Conception School.

Robert E. Dolan has served as our Chief Financial Officer since November 2001. With regard to Lynch Interactive Corporation, he has served as

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Chief Financial Officer from September 1999 and Controller from September 1999 to January 2004. Mr. Dolan has also served Chief Financial Officer (1992-2000) and Controller (1990-2000) of Lynch Corporation.

Compensation of Directors

The Company does not compensate its directors at the present time, although it may do so in the future. The Company does, however, indemnify directors pursuant to Delaware law and may reimburse them for certain out-of-pocket costs in connection with serving as directors.

Indemnification of Directors and Officers

Under Section 145 of the Delaware General Corporation Law, the Company has broad powers to indemnify its directors and officers against liabilities they may incur in such capacities. The Company's certificate of incorporation provides that its directors and officers shall be indemnified to the fullest extent permitted by the Delaware law. The certificate of incorporation also provides that the Company shall, to the fullest extent permitted by Delaware

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law, as amended from time to time, indemnify and advance expenses to each of its currently acting and former directors, officers, employees and agents.

Delaware law provides that a corporation may limit the liability of each director to the corporation or its stockholders for monetary damages except for liability:

- o for any breach of the director's duty of loyalty to the corporation or its stockholders,
- o for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law,
- o in respect of certain unlawful dividend payments or stock redemptions or repurchases and
- o for any transaction which the director derives an improper personal benefit.

The Company's certificate of incorporation provides for the elimination and limitation of the personal liability of its directors for monetary damages to the fullest extent permitted by Delaware law. In addition, the certificate of incorporation provides that if Delaware law is amended to authorize the further elimination or limitation of the liability of a director, then the liability of our directors shall be eliminated or limited to the fullest extent permitted by Delaware law, as amended. The effect of this provision is to eliminate the Company's rights and its stockholders rights, through stockholders' derivative suits, to recover monetary damages against a director for breach of the fiduciary duty of care as a director, except in the situations described above. This provision does not limit or eliminate the Company's rights or its stockholders' rights to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted for its directors, officers, and controlling persons, pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission this sort of indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is therefore unenforceable.

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At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents where indemnification will be required or permitted.

Item 10. Executive Compensation.

The Company has not paid any compensation to any person, including its directors and executive officers, in excess of \$100,000 since January 1, 2002.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information concerning ownership of our common stock as of March 25, 2006 by each person known by us to be the beneficial owner of more than five percent of the common stock, each director, each executive officer, and by all directors and executive officers as a group. We believe that each stockholder has sole voting power and sole dispositive power with respect to the shares beneficially owned by him. Unless otherwise indicated, the address of each person listed below is 401 Theodore Fremd Avenue, Rye, New York 10580.

| Beneficial Owner | Number of Shares of Common Stock Beneficially Owned | Percent of Ownership |
|---|---|-------------------------|
| Mario J. Gabelli | 858,384 (1) | 28.1% |
| Robert E. Dolan | 579 (2) | ** |
| Lynch Interactive Corporation | 235,294 | 9.7% |
| All directors and executive officers as a group (2 in total) | 858,963 | 28.1% |

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** Less than 1%

(1) Represents 283,090 shares of common stock owned directly by Mr. Gabelli, 340,000 shares owned by a limited partnership in which Mr. Gabelli is the general partner and has approximately a .625% interest, and 235,294 shares owned by Lynch Interactive Corporation (Mr. Gabelli is a "control person" of Lynch Interactive Corporation and therefore shares owned by Lynch Interactive Corporation are set forth in the table as also beneficially owned by Mr. Gabelli). Mr. Gabelli disclaims beneficial ownership of the shares owned by the partnership and Lynch Interactive Corporation, except for his interest therein.

(2) Includes 70 shares registered in the name of Mr. Dolan's children with respect to which Mr. Dolan has voting and investment power and 109 shares owned by Mr. Dolan through the Lynch Interactive Corporation 401(k) Savings Plan.

Item 12. Certain Relationships and Related Transactions.

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None. [Only since January 1, 2004.]

Item 13. Exhibits.

| Exhibit Number | Description |
|----------------|--|
| 3.1 | Certificate of Incorporation of the Company* |
| 3.2 | By-laws of the Company* |

* Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-1 (Registration No. 333-73996).

Item 14. Principal Accountant Fees and Services.

The Company did not engage an independent auditor to audit its financial statements for the year ended December 31, 2005 or December 31, 2004 and did not incur any audit fees, audit-related fees, tax fees or other fees.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MORGAN GROUP HOLDING CO.

By: /s/ Robert E. Dolan

ROBERT E. DOLAN
Chief Financial Officer
(Principal Financial
and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Capacity | Date |
|---|---|----------------|
| /s/ Mario J. Gabelli ----- MARIO J. GABELLI | Chief Executive Officer (Principal Executive Officer) and Director | March 31, 2006 |
| /s/ Robert E. Dolan ----- ROBERT E. DOLAN | Chief Financial Officer (Principal Financial and Accounting Officer) and Director | March 31, 2006 |

