

Herman Gary L  
 Form 3  
 September 11, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 STRATEGIC  
 TURNAROUND EQUITY  
 PARTNERS LP CAYMAN

2. Date of Event Requiring Statement  
 (Month/Day/Year)  
 06/12/2007

3. Issuer Name and Ticker or Trading Symbol  
 NATIONAL HOLDINGS CORP [NHLD]

(Last) (First) (Middle)

4. Relationship of Reporting Person(s) to Issuer

5. If Amendment, Date Original Filed(Month/Day/Year)

720 FIFTH AVENUE, 10TH FLOOR,Â

(Check all applicable)

(Street)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
 \_\_\_\_ Officer  Other  
 (give title below) (specify below)  
 X

NEW YORK,Â NYÂ 10019

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock                    | 564,450   | D <u>(1)</u>   | Â   |
| Common Stock                    | 700,066   | I <u>(2)</u>   | See footnote <u>(2)</u>                               |
| Common Stock                    | 880,625   | I <u>(3)</u>   | See footnote <u>(3)</u>                               |
| Common Stock                    | 706,066   | I <u>(4)</u>   | See footnote <u>(4)</u>                               |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of<br>Securities Underlying<br>Derivative Security<br>(Instr. 4) | 4. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 5. Ownership<br>Form of<br>Derivative<br>Security:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 5) | 6. Nature of Indirect<br>Beneficial Ownership<br>(Instr. 5) |
|---|--|--|--|--|---|
|   | Date<br>Exercisable  | Expiration<br>Date   |  |  |   |
|   |  |  | Title  | Amount or<br>Number of<br>Shares   |   |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| STRATEGIC TURNAROUND EQUITY PARTNERS LP CAYMAN<br>720 FIFTH AVENUE, 10TH FLOOR<br>NEW YORK, NY 10019       | ^             | ^         | ^       | X     |
| Galloway Capital Management, LLC<br>720 FIFTH AVENUE, 10TH FLOOR<br>NEW YORK, NY 10019                     | ^             | ^         | ^       | X     |
| GALLOWAY BRUCE<br>C/O GALLOWAY CAPITAL MANAGEMENT LLC<br>720 FIFTH AVENUE 10TH FLOOR<br>NEW YORK, NY 10019 | ^             | ^ X       | ^       | ^     |
| Herman Gary L<br>C/O GALLOWAY CAPITAL MANAGEMENT LLC<br>720 FIFTH AVENUE 10TH FLOOR<br>NEW YORK, NY 10019  | ^             | ^         | ^       | X     |

## Signatures

|  |            |
|--|------------|
| Strategic Turnaround Equity Partners LP (Cayman) By: /s/ Gary Herman, Managing Member<br>Galloway Capital Management, LLC, General Partner | 09/11/2007 |
| **Signature of Reporting Person  | Date       |
| Galloway Capital Management, LLC By: /s/ Gary Herman, Managing Member  | 09/11/2007 |
| **Signature of Reporting Person  | Date       |
| /s/ Bruce Galloway   | 09/11/2007 |
| **Signature of Reporting Person  | Date       |
| /s/ Gary Herman  | 09/11/2007 |
| **Signature of Reporting Person  | Date       |

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Bruce Galloway and Gary Herman are managing members of Galloway Capital Management, LLC the general partner of Strategic Turnaround Equity Partners, LP (Cayman) ("STEP"). Messrs. Galloway and Herman disclaim beneficial ownership of the shares in STEP except for their indirect interests therein by virtue of being members of Galloway Capital Management LLC and having direct interests as limited partners of STEP.

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- (2) Includes 564,450 shares held by STEP and 135,616 held by Finvest Yankee, LP for which the reporting person has the power to vote and dispose.

Of the total 880,625 shares, 564,450 are directly held by STEP, 165,084 are held directly by Mr. Galloway's Individual Retirement

- (3) Account, 14,000 shares are held by Rixon Galloway Capital Growth, LLC for which Mr. Galloway has the power to vote and dispose, and 5,975 are held by Mr. Galloway's children for which Mr. Galloway has the power to vote and dispose.

- (4) Of the total 706,066 shares, 700,066 are directly held by STEP, 6,000 are held by Mr. Herman individually.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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