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VFINANCE INC  
Form 8-K  
November 13, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K  
CURRENT REPORT

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

November 13, 2007  
(Date of earliest event reported)

vFINANCE, INC.  
(Exact Name of Registrant as Specified in Charter)

|   |                                     |  |
|---|-------------------------------------|--|
| Delaware<br>(State or Other Jurisdiction of<br>Incorporation) | 1-11454-03<br>(Commission File No.) | 58-1974423<br>(IRS Employer<br>Identification No.) |
|---|-------------------------------------|--|

3010 North Military Trail, Suite 300  
Boca Raton, Florida 33431  
(Address of Principal Executive Offices)

(561) 981-1000  
(Registrant's telephone number, including area code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

As previously described in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, the Company recorded adjustments as a result of comments from the staff of the Securities and Exchange Commission ("SEC") to reclassify marketable securities received as compensation for investment banking

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services from "trading securities" to "available-for-sale" securities, effective January 1, 2002 as part of a restatement. As a result of this reclassification, non-cash unrealized gains and losses related to the securities classified as available-for-sale were reclassified from the determination of net income (loss) to accumulated other comprehensive income (loss), a component of stockholders' equity.

On November 12, 2007, after reconsidering the adjustments to the financial statements described in the previous paragraph, management determined that the reclassification originally suggested by the staff of the SEC should not have been made and, as a result, the Company revised the previously restated financial statements as of and for the years ended December 31, 2006, 2005, 2004 and 2003. The Chief Financial Officer of the Company discussed the restatement with the Company's independent auditors. As a consequence of reverting to the financial statement presentation used by the Company prior to the restatement, securities received as compensation for investment banking services have been classified as "marketable securities" or "not readily marketable securities," as appropriate, with realized and unrealized gains and losses related to these securities included in the determination of net income (loss) in the consolidated statements of operations.

As a result of the foregoing, we intend to file our December 31, 2007 Annual Report on Form 10-K with restated financial statements and revised disclosures for the fiscal periods covered by that report.

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The specific effect of this revision on our annual consolidated statements of operations for the years ended December 31, 2006, 2005, 2004 and 2003 will be as follows:

| Net Effect of Restatement Revision on Statements of Operations<br>(In thousands, except per share amounts) | 2006         | 2005         | 2004       |
|--|--------------|--------------|------------|
|  | -----        | -----        | -----      |
| Net income (loss), as reported   | \$ (2,133.5) | \$ (999.6)   | \$ 2,133.5 |
| Net effect of adjustments - decrease in Success<br>fee revenue   | (56.8)       | (244.5)      | (187.7)    |
|  | -----        | -----        | -----      |
| Net income (loss), as restated   | \$ (2,190.3) | \$ (1,244.1) | \$ 1,945.8 |
|  | =====        | =====        | =====      |
| Net income (loss) per share - basic, as reported   | \$ (0.04)    | \$ (0.02)    | \$ 0.09    |
| Net effect of adjustments  | \$ -         | \$ (0.01)    | \$ 0.00    |
|  | -----        | -----        | -----      |
| Net income (loss) per share - basic, as restated   | \$ (0.04)    | \$ (0.03)    | \$ 0.09    |
|  | =====        | =====        | =====      |
| Wt. avg. shares outstanding - basic  | 48,714.8     | 40,049.7     | 33,844.2   |
|  | =====        | =====        | =====      |
| Net income (loss) per share - diluted, as reported   | \$ (0.04)    | \$ (0.02)    | \$ 0.09    |
| Net effect of adjustments  | \$ -         | \$ (0.01)    | \$ 0.00    |
|  | -----        | -----        | -----      |
| Net income (loss) per share - diluted, as restated   | \$ (0.04)    | \$ (0.03)    | \$ 0.09    |
|  | =====        | =====        | =====      |

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|                                       |          |          |       |
|---------------------------------------|----------|----------|-------|
| Wt. avg. shares outstanding - diluted | 48,714.8 | 40,049.7 | 35,   |
|                                       | =====    | =====    | ===== |

The specific effect of this revision on our unaudited condensed consolidated statements of operations for the quarterly periods ended March 31, 2007 and June 30, 2007 will be as follows:

Net Effect of Restatement Revision on Statements of Operations  
(In thousands, except per share amounts)

|   | 3 mos. ended<br>March 31, 2007<br>(Unaudited) | 3 mos. ended<br>June 30, 2007<br>(Unaudited) | 6 mos.<br>June 30<br>(Unaudited) |
|---|---|--|----------------------------------|
|   | -----   | -----  | -----                            |
| Net income (loss), as reported  | \$ 37.8                                       | \$ (129.9)                                   | \$ (9)                           |
| Net effect of adjustments - increase (decrease)<br>in Success fee revenue | 1.7   | (97.1)                                       | (9)                              |
|   | -----   | -----  | -----                            |
| Net income (loss), as restated  | \$ 39.5                                       | \$ (227.0)                                   | \$ (18)                          |
|   | =====   | =====  | =====                            |
| Net income (loss) per share - basic, as reported                          | \$ -  | \$ -   | \$ -                             |
| Net effect of adjustments   | \$ -  | \$ -   | \$ -                             |
|   | -----   | -----  | -----                            |
| Net income (loss) per share - basic, as restated                          | \$ -  | \$ -   | \$ -                             |
|   | =====   | =====  | =====                            |
| Wt. avg. shares outstanding - basic                                       | 54,579.9                                      | 54,679.9                                     | 54,63                            |
|   | =====   | =====  | =====                            |
| Net income (loss) per share - diluted, as reported                        | \$ -  | \$ -   | \$ -                             |
| Net effect of adjustments   | \$ -  | \$ -   | \$ -                             |
|   | -----   | -----  | -----                            |
| Net income (loss) per share - diluted, as restated                        | \$ -  | \$ -   | \$ -                             |
|   | =====   | =====  | =====                            |
| Wt. avg. shares outstanding - diluted, as reported                        | 56,125.1                                      | 54,679.9                                     | 54,63                            |
|   | =====   | =====  | =====                            |

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This revision will not affect our total shareholders' equity, but will result in a reclassification of previously reported accumulated other comprehensive loss to accumulated deficit in our consolidated statements of financial condition and consolidated statements of shareholders' equity as follows (in thousands):

| Accumulated Deficit |            | Accumulated Ot |
|---------------------|------------|----------------|
| -----               | -----      | -----          |
| Current<br>period   | Cumulative | Cur<br>per     |

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|                   | As reported   | effect of<br>restate-<br>ment<br>revision | effect of<br>restate-<br>ment<br>revision | Restated and<br>Revised | As<br>reported | eff<br>res<br>men<br>rev |
|-------------------|---------------|---|---|-------------------------|----------------|--------------------------|
| December 31, 2003 | \$ (23,431.2) | \$ (123.6)                                | \$ (170.5)                                | \$ (23,601.7)           | \$ (170.5)     |                          |
| December 31, 2004 | \$ (21,016.4) | \$ (170.7)                                | \$ (341.2)                                | \$ (21,357.6)           | \$ (341.2)     |                          |
| December 31, 2005 | \$ (22,016.0) | \$ (244.5)                                | \$ (585.7)                                | \$ (22,601.7)           | \$ (585.7)     |                          |
| December 31, 2006 | \$ (24,149.5) | \$ (56.8)                                 | \$ (642.5)                                | \$ (24,792.0)           | \$ (642.5)     |                          |
| March 31, 2007    | \$ (24,111.7) | \$ 1.7                                    | \$ (640.8)                                | \$ (24,752.5)           | \$ (640.8)     |                          |
| June 30, 2007     | \$ (24,241.6) | \$ (97.1)                                 | \$ (737.9)                                | \$ (24,979.5)           | \$ (737.9)     |                          |

This revision will affect neither the net change in cash nor net cash provided by (used in) financing activities in our consolidated statements of cash flows. However, net cash provided by (used in) operating activities will increase and net cash provided by (used in) investing activities will decrease in our consolidated statements of cash flows as follows (in thousands):

|   | Cash Provided by (Used in) Operating<br>Activities |   |                            |
|---|--|---|----------------------------|
|   | As<br>reported                                     | Effect of<br>restate-<br>ment<br>revision | Restated<br>and<br>Revised |
| For the six months ended June 30, 2007    | \$ 998.2   | \$47.2                                    | \$ 1,045.4                 |
| For the three months ended March 31, 2007 | \$ 1,116.1   | \$12.7                                    | \$ 1,128.8                 |
| For the year ended December 31, 2006      | \$ (55.6)  | \$426.5                                   | \$ 370.9                   |
| For the year ended December 31, 2005      | \$ (708.5)   | \$35.2                                    | \$ (673.3)                 |
| For the year ended December 31, 2004      | \$ 1,409.8   | \$268.6                                   | \$ 1,678.4                 |

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SIGNATURE

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

vFINANCE, INC.

By: /s/ Leonard J. Sokolow

Name: Leonard J. Sokolow  
Title: Chief Executive Officer

Date: November 13, 2007

