

NATIONAL HOLDINGS CORP

Form S-4/A

August 09, 2013

As filed with the Securities and Exchange Commission on August 9, 2013

Registration No. 333-189940

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

NATIONAL HOLDINGS CORPORATION.

(Exact name of registrant as specified in its charter)

Delaware	5900	80-149096
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

120 Broadway, 27th Floor
New York, New York 10271

(212) 417-8000

(Address, Including Zip Code, and Telephone Number, Including

Area Code, of Registrant's Principal Executive Offices)

Mark D. Klein

**Chief Executive Officer and Co-Executive Chairman
National Holdings Corporation
120 Broadway, 27th Floor**

**New York, New York 10271
(212) 417-8000**

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable on or after the effective date of this registration statement and after the conditions to the completion of the merger of a wholly-owned subsidiary of National Holdings Corporation with and into Gilman Ciocia, Inc. pursuant to an Agreement and Plan of Merger, dated as of June 20, 2013, described in the enclosed proxy statement/prospectus, have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13c-4(i) (Cross Border Issuer Tender Offer)
 Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)(2)	Proposed Maximum Offering Price per Share (3)	Proposed Maximum Aggregate Offering Price (3)	Amount of Registration Fee
Common stock, par value \$0.02 per share	24,000,000	\$0.30	\$7,200,000	\$982.08(4)

(1) Pursuant to Rule 416 under the Securities Act of 1933, this registration statement also covers an indeterminate number of additional shares of common stock, par value \$0.02 per share (“National common stock”), of National Holdings Corporation (“National”) as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) Represents the maximum number of shares of National common stock issuable to holders of common stock, par value \$0.01 per share of Gilman Ciocia, Inc. (“Gilman”), in the merger of National Acquisition Corp., a wholly-owned subsidiary of National, with and into Gilman, with Gilman surviving as an indirect wholly-owned subsidiary of National.

(3) Pursuant to Rule 457(c) under the Securities Act, and solely for the purpose of calculating the registration fee, the proposed offering price per share is equal to \$0.30, the average of the bid and asked prices per share of National common stock, as reported on the OTC Bulletin Board on July 5, 2013 .

(4) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this

registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary proxy statement/prospectus is not complete and may be changed. These securities may not be issued or sold nor may proxies be solicited until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 9, 2013

On June 20, 2013, National Holdings Corporation, a Delaware corporation (“National”) and Gilman Ciocia, Inc., a Delaware corporation (“Gilman”) entered into an Agreement and Plan of Merger (the “merger agreement”) by and among National, Gilman and National Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of National (the “Merger Sub”). In the proposed merger, Merger Sub will be merged with and into Gilman, so that Gilman will become a wholly-owned subsidiary of National. If the merger is completed:

National stockholders will continue to own their existing shares of National common stock, par value \$0.02 per share (“National common stock”);

all of the outstanding shares of Gilman common stock, par value \$0.01 per share, outstanding as of the effective time of the merger (the “effective time”) will be exchanged for a total of up to 24,000,000 shares of National common stock, par value \$0.02 per share, (subject to rounding for fractional shares) which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock, subject to adjustment as further described in the proxy statement/prospectus;

National shall issue five-year options to purchase 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of \$0.50 per share;

National will pay off up to \$5,400,000 of outstanding indebtedness of Gilman which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries; and

the board of directors of National will be increased from nine members to 11 members and two persons nominated by the board of directors of Gilman and reasonably acceptable to National will be elected as Class I members of the board of directors of National and National will nominate such persons for election at the next election of Class I directors of National.

If the merger agreement is completed, Gilman will survive the merger as a wholly-owned subsidiary of National and will still be named Gilman Ciocia, Inc. after the merger and all Gilman stockholders (except those who properly exercise dissenters' rights under Delaware law) will become stockholders of National.

National's common stock is quoted on the OTC Bulletin Board under the symbol "NHLD." On August 7, 2013, the closing, high and low price for National common stock reported was \$0.26 per share, \$0.26 and \$0.26, respectively. On August 7, 2013, National had 89,016,988 shares of common stock outstanding.

Gilman's common stock is quoted on the OTC Bulletin Board under the symbol "GTAX." On August 7, 2013, the closing, high and low price for Gilman common stock reported was \$0.05, \$0.05 and \$0.05, respectively. On August 7, 2013, Gilman had 96,446,179 shares of common stock outstanding.

The accompanying document is a proxy statement of Gilman and a prospectus of National, and provides you with information about National, Gilman the proposed merger and the special meeting of Gilman stockholders. Gilman encourages you to read the entire proxy statement/prospectus carefully.

You may also obtain more information about National and Gilman from documents National and Gilman have filed with the Securities and Exchange Commission.

For a discussion of risk factors you should consider in evaluating the merger agreement you are being asked to adopt, see “Risk Factors” beginning on page 19 of the accompanying proxy statement/prospectus.

The merger cannot be completed unless Gilman stockholders approve the merger agreement and Gilman has scheduled a special meeting for its stockholders to vote on the merger agreement. The special meeting will be held on September 9, 2013, at 10:00 a.m. (local time) at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006.

At the Gilman special meeting, you will be asked to consider and vote on the following matters:

a proposal to adopt the merger agreement and the transactions contemplated thereby. The merger is more fully described in the accompanying proxy statement/prospectus and the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus;

a proposal to approve, on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in the accompanying proxy statement; and

a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Stockholders will also act on any other business that may properly come before the meeting.

After careful consideration, the Gilman board of directors has approved the merger agreement and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders. The Gilman board of directors recommends that all stockholders vote “FOR” approval of the proposal to adopt the merger agreement, “FOR” approval of the nonbinding advisory proposal regarding “golden parachute compensation” and “FOR” approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote

certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition in the merger agreement (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Whether or not you plan to attend a special meeting, please take the time to vote by completing and mailing the enclosed proxy card in the enclosed envelope. **YOUR VOTE IS VERY IMPORTANT.**

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NATIONAL COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The accompanying proxy statement/prospectus is dated _____, 2013 and was first mailed to Gilman stockholders on or about _____, 2013.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates business and financial information about National and Gilman that is not included in or delivered with this document. You can obtain the documents incorporated by reference into this proxy statement/prospectus through the website of the United States Securities and Exchange Commission (which we refer to in this Proxy Statement as the “SEC”), www.sec.gov, or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

National Holding Corporation 1200 North Federal Highway, Suite 400 Boca Raton, FL 33432 Attention: Secretary Telephone: (561) 981-1007	Gilman Ciocia, Inc. 11 Raymond Avenue Poughkeepsie, New York 12603 Attention: Ted Finkelstein, Secretary Telephone: (845) 485-5278
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If you would like to request documents, please do so by _____, 2013, in order to receive them before Gilman’s special meeting.

Stockholders may also consult National’s or Gilman’s websites for more information concerning the merger described in this proxy statement/prospectus and each of the parties thereto. National’s website is www.nhldcorp.com and Gilman’s website is www.gtax.com. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

GILMAN CIOCIA, INC.
Corporate Headquarters

11 Raymond Avenue Poughkeepsie, NY 12603

845.485.5278 tel 845.622.3638 fax

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON SEPTEMBER 9, 2013**

To the Stockholders of Gilman Ciocia, Inc.:

You are cordially invited to attend a special meeting of the stockholders of Gilman Ciocia, Inc. a Delaware corporation (“Gilman”), to be held on September 9, 2013 at 10:00 a.m. local time, at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006.

On June 20, 2013, Gilman entered into an agreement and plan of merger (as it may be amended from time to time, the “merger agreement”) with National Holdings Corporation, a Delaware corporation (“National”), and National Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of National (“Merger Sub”), providing for the merger (the “merger”) of Merger Sub with and into Gilman. Following the merger, Gilman will be a wholly-owned subsidiary of National.

At the Gilman special meeting, you will be asked to consider and vote on the following matters:

a proposal to adopt the merger agreement and the transactions contemplated thereby. The merger is more fully described in the accompanying proxy statement/prospectus and the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus;

a proposal to approve, on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in the accompanying proxy statement; and

a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Stockholders will also act on any other business that may properly come before the meeting.

Holders of record of Gilman common stock at the close of business on August 7, 2013, the record date for the Gilman special meeting, are entitled to notice of and to vote as a single class on the merger proposal at the meeting or at any adjournment or postponement thereof. Completion of the merger requires approval of Gilman's common stockholders.

After careful consideration, the Gilman board of directors has approved the merger agreement and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders. The Gilman board of directors recommends that all stockholders vote "FOR" approval of the proposal to adopt the merger agreement, "FOR" approval of the nonbinding advisory proposal regarding "golden parachute compensation" and "FOR" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope. Gilman cannot complete the merger unless the holders of a majority of the outstanding shares of Gilman common stock entitled to vote at the special meeting vote to approve the proposal to adopt the merger agreement. If your shares of Gilman common stock are beneficially owned and held in nominee or "street name" by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Gilman common stock without direction from you. You should direct your bank, brokerage firm or other nominee to vote your shares of Gilman common stock in accordance with the directions provided by your bank, brokerage firm or other nominee.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition in the merger agreement (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Please do not send any Gilman stock certificates at this time. If the merger is completed, forms to be used to exchange your Gilman stock certificates for National stock certificates will be mailed to you.

The accompanying proxy statement/prospectus provides you with detailed information about the Gilman special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus. Gilman encourages you to carefully read the entire proxy statement/prospectus and its annexes, including the merger agreement.

By Order of the Board of Directors,

James Ciocia, Chairman of the Board

Poughkeepsie, New York

, 2013

FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements often, although not always, include words or phrases like “will likely result,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “project,” “outlook,” or similar expressions. Forward-looking statements are based upon certain underlying assumptions, including any assumptions mentioned with the specific statements, as of the date such statements were made. Such assumptions are in turn based upon internal estimates and analyses of market conditions and trends, management plans and strategies, economic conditions and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those set forth under “Risk Factors” beginning on page 19 of this proxy statement/prospectus. The forward-looking statements contained in this proxy statement/prospectus include statements about the following:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including a termination under circumstances that could require Gilman or National to pay a termination fee;

the ability to integrate National's and Gilman's businesses and operations;

the combined company's success in integrating the management teams and employees and consultants of National and Gilman;

the inability to complete the merger due to the failure to obtain stockholder approval or the failure to obtain FINRA approval or satisfy other conditions to completion of the merger;

the combined company's ability to successfully manage relationships with customers and other important relationships;

the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted against National or Gilman relating to the merger agreement;

the ability to retain key employees and consultants;

management's ability to focus on other ongoing business concerns given the additional work as a result of the merger;

the merger agreement's contractual restrictions on the conduct of National's and Gilman's business prior to the completion of the merger;

the amount of the costs, fees, expenses and charges related to the merger; and

the compatibility of business cultures.

National and Gilman caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus. Except as may be required by law, neither National nor Gilman has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSED MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the Gilman special meeting. These questions and answers may not address all questions that may be important to you as a stockholder. Please refer to the "Summary" and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in or incorporated by reference in this proxy statement/prospectus, which you should read carefully and in their entirety.

Q1. What is the merger?

A1. National, National Acquisition Corp, a wholly-owned subsidiary of National which we refer to as the Merger Sub, and Gilman have entered into a merger agreement, pursuant to which Merger Sub will merge with and into Gilman, with Gilman continuing as the surviving corporation, in a transaction which is referred to as the merger. A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus.

Q2. Why are National and Gilman proposing to merge?

A2. National and Gilman believe the merger is in the best interests of both companies and their respective shareholders. National and Gilman believe that the merger will bring together two complementary institutions to create a strategically, operationally and financially strong company that is positioned for further growth. You should review the background of and reasons for the merger described in greater detail beginning on page .

Q3. Why have I received this proxy statement/prospectus?

Gilman is sending these materials to its stockholders to help them decide how to vote their shares of common stock with respect to the merger and other matters to be considered at the special meeting.

A3. The merger cannot be completed unless Gilman stockholders adopt the merger agreement. Gilman is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger. Information about this special meeting is contained in this proxy statement/prospectus.

This document is being delivered to you as both a proxy statement of Gilman and a prospectus of National. It is a proxy statement because the Gilman board of directors is soliciting proxies from its stockholders to vote on the adoption of the merger agreement at a special meeting of Gilman stockholders as well as the other matters set forth in the notice of the meeting and described in this proxy statement/prospectus, and your proxy will be used at the special meeting or at any adjournment or postponement of the special meeting. It is a prospectus because National will issue National common stock to Gilman stockholders in the merger. On or about 2013, Gilman intends to begin to

deliver to its stockholders of record as of the close of business on August 7, 2013, printed versions of these materials.

Q4. What am I being asked to vote on at the special meeting?

You are being asked to consider and vote on a proposal to adopt the merger agreement, which provides, among other things, for the acquisition of Gilman by National. You are also being asked to consider and vote, on an advisory basis, on a proposal to approve the “golden parachute” compensation that will be payable to one of

A4. Gilman’s named executive officers in connection with the merger as reported in the Golden Parachute Compensation table on page 78 and to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

IF GILMAN STOCKHOLDERS FAIL TO ADOPT THE MERGER AGREEMENT, THE MERGER CANNOT BE COMPLETED.

Q5. How does the Gilman board of directors recommend that I vote?

A5. The Gilman board of directors recommends that you vote “**FOR**” approval of the proposal to adopt the merger agreement, “**FOR**” approval of the nonbinding advisory proposal regarding “golden parachute compensation” and “**FOR**” approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q6. What will Gilman common stockholders receive for their Gilman shares?

A6. All of the outstanding shares of Gilman common stock, par value \$0.01 per share, outstanding as of the effective time of the merger (the “effective time”) will be exchanged for a total of up to 24,000,000 shares (subject to rounding for fractional shares) of National common stock which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed \$5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of \$5,000,000 and up to \$5,400,000 (the “Difference”) shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and \$0.30 (subject to equitable adjustment for any stock split, dividend recapitalization and the like). By way of example, if Gilman’s outstanding indebtedness were \$5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.2350188466 of a share of National common stock per share of Gilman common stock.

Q7. Will National stockholders receive any shares as a result of the merger?

A7. No. National stockholders will continue to hold the same shares of National common stock they currently own.

Q8. When and where is the Gilman special meeting?

A8. The special meeting will be held on September 9, 2013 at 10:00 a.m. local time, at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006.

Q9. Are there risks associated with the merger that I should consider in deciding how to vote?

Yes. There are a number of risks related to the merger and the other transactions contemplated by the merger agreement that are discussed in this proxy statement/prospectus. Please read with particular care the detailed description of the risks described in “Risk Factors” beginning on page 19 of this proxy statement/prospectus.

Q10. What are the tax consequences to Gilman stockholders of the merger?

The exchange of shares of Gilman common stock for National common stock in the merger is intended to be a tax-free reorganization under the U.S. Internal Revenue Code of 1986, or the “Code”. Please carefully review the information under “The Merger—Material United States Federal Income Tax Consequences of the Merger” beginning on page 79 for a description of the material U.S. federal income tax consequences of the merger. The tax consequences to you will depend on your own situation (including whether or not you exercise appraisal rights). We urge you to consult your tax advisors as to the specific tax consequences to you of the merger, including the applicability and effect of federal, state, and local income and other tax laws in light of your particular circumstances.

Q11. What will the name of each company be after the merger?

A11. The name of National and Gilman will remain unchanged after the merger, with Gilman becoming a wholly-owned subsidiary of National.

Q12. What vote is required for Gilman stockholders to approve the proposal to adopt the merger agreement?

A12. Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Gilman common stock entitled to vote the proposal.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition of the merger (which can be waived by National) is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of Gilman common stock, if you fail to submit a proxy or to vote in person at the Gilman special meeting, or if you vote "**ABSTAIN**", or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, it will have the same effect as a vote "**AGAINST**" the proposal to adopt the merger agreement.

Q13. What vote is required for Gilman stockholders to approve the nonbinding advisory proposal regarding "golden parachute" compensation?

Approval of the proposal to approve on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger as described in this proxy statement/prospectus, requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

The vote to approve the nonbinding advisory proposal regarding "golden parachute" compensation is a vote separate and apart from the vote to approve the merger agreement. You may vote for this proposal and against the merger agreement, or vice versa. Because the vote on this proposal is advisory only, it will not be binding on Gilman or

National.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to approve on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in this proxy statement/prospectus is assured by Gilman stockholders.

If you fail to submit a proxy or to vote in person at the special meeting, or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, your shares of Gilman common stock will not be voted on these proposals. A failure to vote or an abstention will have no effect on the proposal regarding the “golden parachute” compensation, because the vote is advisory only and nonbinding on Gilman.

Q14. What vote is required for Gilman stockholders to approve the proposal to adjourn the special meeting, if necessary or appropriate?

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to adjourn the special meeting, if necessary or appropriate, is assured by Gilman stockholders.

If you fail to submit a proxy or to vote in person at the special meeting, or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, your shares of Gilman common stock will not be voted on these proposals. A failure to vote will have no effect on the adjournment proposal, but an abstention will have the same effect as a vote “**AGAINST**” this proposal.

Q15. Who can vote at the special meeting?

A15. All holders of Gilman common stock of record as of the close of business on August 7, 2013, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. Each holder Gilman common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Gilman common stock that such holder owned as of the record date.

Q16. What constitutes a quorum for the special meeting?

A16. A quorum is necessary for stockholders to vote on the proposal to adopt the merger agreement, the nonbinding advisory proposal regarding “golden parachute compensation” and the proposal to adjourn the special meeting to solicit additional proxies. The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of Gilman common stock outstanding at the close of business on the record date and entitled to vote constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes will be counted as present for the purpose of determining whether a quorum is present.

As a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, a quorum is assured by the Gilman stockholders.

Q17. How do I vote?

A17. If you are a stockholder of record, you may vote your shares of Gilman common stock on matters presented at the special meeting in any of the following ways.

in person—you may attend the special meeting and cast your vote there;

by proxy—stockholders of record may submit a proxy to have their shares of Gilman common stock represented and voted at the special meeting by signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope.

If you hold your shares of Gilman common stock in nominee or “street name,” please refer to the instructions provided by your bank, brokerage firm or other nominee to see the choices available to you. Please note that if you are a beneficial owner of shares of Gilman common stock held in nominee or “street name” and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

Q18. What is a proxy?

A18. A proxy is your legal designation of another person, referred to as a “proxy,” to vote your shares of Gilman common stock. The written document describing the matters to be considered and voted on at the special meeting is called a “proxy statement.” The document used to designate a proxy to vote your shares of Gilman common stock is called a “proxy card.” Gilman’s board of directors has designated Ted Finkelstein, Vice President, Secretary and General Counsel and Maureen Abbate, Chief Accounting Officer, and each of them singly, with full power of substitution, as proxies for the special meeting.

Q19. What is the difference between holding shares as a stockholder of record and in nominee or “street name”?

A19. If your shares of Gilman common stock are registered directly in your name with Gilman’s transfer agent, Corporate Stock Transfer, you are considered, with respect to those shares of Gilman common stock, as the “stockholder of record.” This proxy statement/prospectus and your proxy card have been sent directly to you by Gilman.

If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of Gilman common stock held in nominee or “street name.” In that case, this proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Gilman common stock, the stockholder of record. As the beneficial owner of shares of Gilman common stock held in nominee or “street name,” you have the right to direct your bank, brokerage firm or other nominee how to vote your shares of Gilman common stock by following their instructions for voting.

Q20. If my shares of Gilman common stock are held in nominee or “street name” by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my shares of Gilman common stock for me?

A20. Your bank, brokerage firm or other nominee will only be permitted to vote your shares of Gilman common stock if you instruct it how to vote. You should follow the instructions provided by your bank, brokerage firm or other nominee regarding the voting of your shares of Gilman common stock. If you do not instruct your bank, brokerage firm or other nominee to vote your shares of Gilman common stock, your shares of Gilman common stock will not be voted and the effect will be the same as a vote “**AGAINST**” the proposal to adopt the merger agreement. Your unvoted shares of Gilman common stock will not have an effect on approval of the advisory proposal regarding “golden parachute” compensation or the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q21. Can I change my vote after I have delivered my proxy?

A21. Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways:

First, you can revoke your proxy by giving written notice of revocation.

Second, you can submit a new proxy bearing a later date.

If you choose either of these two methods, you must submit your notice of revocation or your new proxy to the secretary of Gilman, before the special meeting. If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, please contact your bank, brokerage firm or other nominee as to its procedures for the revocation of your instructions and/or the giving of new instructions on how to vote the shares held by it on your behalf.

Third, if you are a holder of record, you can attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. Please note that if your shares are held through a bank, brokerage firm or other nominee, and you wish to vote in person at the special meeting, you must bring to the meeting a letter from the bank, brokerage firm or other nominee confirming your beneficial ownership of the shares to be voted.

Q22. If a Gilman stockholder gives a proxy, how will its shares of Gilman common stock be voted?

A22. The individuals named on the enclosed proxy card, as your proxies, will vote your shares of Gilman common stock in the way that you indicate. If you properly sign your proxy card but do not mark the boxes showing how your shares of Gilman common stock should be voted on a matter, the shares represented by your properly signed proxy will be voted “**FOR**” the proposal to adopt the merger agreement, “**FOR**” the approval of the nonbinding advisory proposal regarding “golden parachute” compensation and “**FOR**” the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q23. How are votes counted?

With respect to the proposal to adopt the merger agreement, you may vote “**FOR**”, “**AGAINST**” or “**ABSTAIN**”.
A23. Broker non-votes and votes to “**ABSTAIN**” will have the same effect as votes “**AGAINST**” the proposal to adopt the merger agreement.

With respect to the nonbinding advisory proposal regarding “golden parachute” compensation and the proposal to adjourn the special meeting, if necessary, to solicit additional proxies, you may vote “**FOR**”, “**AGAINST**” or “**ABSTAIN**”. Broker non-votes will have no effect on this proposal. An abstention will have the same effect as a vote “**AGAINST**” the adjournment proposal, but will have no effect on the proposal regarding the “golden parachute” compensation, because the vote is advisory only and nonbinding on Gilman.

Q24. What are broker non-votes?

If your shares of Gilman common stock are held in “street name,” you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting. Banks, brokerage firms or other nominees who hold shares in nominee or “street name” for their customers only have the authority to vote on “routine” proposals when they have not received instructions from beneficial owners, and are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to adopt the merger agreement, the proposal to approve the nonbinding advisory proposal regarding “golden parachute” compensation, and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. As a result, absent specific instructions from the beneficial owner of such shares of Gilman common stock, banks, brokerage firms or other nominees are not empowered to vote those shares of Gilman common stock on non-routine matters.
A24.

Q25. What do I do if I receive more than one proxy or set of voting instructions?

If you hold shares of Gilman common stock in more than one account, you may receive more than one proxy or set of voting instructions relating to the special meeting. These should each be voted or returned separately in accordance with the instructions provided in this proxy statement in order to ensure that all of your shares of Gilman common stock are voted.
A25.

Q26. What happens if I sell my shares of Gilman common stock before the special meeting?

A26. The record date for stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the consummation of the merger. If you transfer your shares of Gilman common stock after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies Gilman in writing of these special arrangements, you will retain your right to vote such shares at the special meeting, although, unless

otherwise agreed, you have transferred the right to receive the merger consideration to the person to whom you transfer your shares.

Q27. How can I exchange my shares of Gilman?

Computershare Trust Company will act as exchange agent and will forward detailed instructions to you regarding A27. the surrender of your share certificates, together with a letter of transmittal, promptly after the merger is completed. You should not submit your certificates to Computershare Trust Company.

Q28. Should Gilman stockholders send in their stock certificates now?

A28. No. After Gilman complete the merger, National or its exchange agent, Computershare Trust Company, will send Gilman stockholders written instructions to exchange their Gilman common stock for National common stock.

Q29. What do I need to do now?

A29. After carefully reading and considering the information contained in this proxy statement/ prospectus, please respond by completing, signing and dating your proxy card or voting instructions and returning it in the enclosed postage paid envelope. In order to assure that Gilman obtains your vote, please deliver your proxy as instructed even if you plan to attend the meeting in person. If you hold shares registered in the name of a broker, bank or other nominee, that broker, bank or other nominee has enclosed, or will provide, instructions for directing your broker, bank or other nominee how to vote those shares

Q30. What rights do I have if I oppose the merger?

A30. Stockholders of record as of the record date are entitled to exercise appraisal rights under Delaware law by following the procedures and satisfying the requirements specified in Section 262 of the DGCL. A copy of Section 262 is attached as **Annex E** to this proxy statement/prospectus.

Q31. Who can help answer my questions?

A31. If you are a stockholder of Gilman and have any questions about the merger or how to submit your proxy, or if you need additional copies of the proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

Ted Finkelstein, Vice President, Secretary and General Counsel

Gilman Ciocia, Inc.

11 Raymond Avenue

Poughkeepsie, NY 12603

Telephone: (845) 485-5278

SUMMARY

This summary highlights selected information contained elsewhere in this proxy statement/prospectus. It may not contain all of the information that may be important to you. Before voting, you should carefully read the entire proxy statement/prospectus, the appendices and other documents to which this proxy statement/prospectus refers in their entirety to fully understand the merger agreement and the transactions contemplated by the merger agreement.

The Companies

National Holdings Corporation (See page 107)

National Holding Corporation
120 Broadway, 27th Floor

New York, New York 10271

Telephone: (212) 417-8000

National Holdings Corporation, a Delaware corporation organized in 1996, is a financial services organization, operating primarily through its wholly-owned subsidiaries, National Securities Corporation (“National Securities” or “NSC”) and vFinance Investments, Inc. (“vFinance Investments”) (collectively, the “Broker-Dealer Subsidiaries”). The Broker-Dealer Subsidiaries conduct a national securities brokerage business through their offices in New York, New York, Boca Raton, Florida, and Seattle, Washington.

Through its Broker-Dealer Subsidiaries, National (1) offers full service retail brokerage to approximately 39,000 high net worth individual and institutional clients, (2) provides investment banking, merger and acquisition and advisory services to micro, small and mid-cap high growth companies, and (3) engages in trading securities, including making markets in over 5,800 securities, providing liquidity in both foreign and domestic issues on a variety of exchanges and also providing execution and technical analysis in the United States Treasury marketplace. The Broker-Dealer Subsidiaries are introducing brokers and clear all transactions through clearing organizations on a fully disclosed basis. They are registered with the SEC, are members of the FINRA, Securities Investor Protection Corporation (“SIPC”) and are also members of the National Futures Association (“NFA”).

National's brokers operate primarily as independent contractors. An independent contractor registered representative who becomes an affiliate of a Broker-Dealer Subsidiary typically establishes his own office and is responsible for the payment of expenses associated with the operation of such office, including rent, utilities, furniture, computer and other equipment, stock quotation machines, software and general office supplies. The independent contractor registered representative is entitled to retain a higher percentage of the commissions generated by his sales than an employee registered representative at a traditional employee-based brokerage firm. This arrangement allows National to operate with a reduced amount of fixed costs and lowers the risk of operational losses for lower or non-production.

National's wholly-owned subsidiary, National Asset Management, Inc., a Washington corporation ("NAM"), is a federally-registered investment advisor providing asset management advisory services to high net worth clients for a fee based upon a percentage of assets managed.

National's wholly-owned subsidiary, National Insurance Corporation, a Washington corporation ("National Insurance"), provides fixed insurance products to its clients, including life insurance, disability insurance, long term care insurance and fixed annuities.

National Acquisition Corporation

National Acquisition Corporation
120 Broadway, 27th Floor

New York, New York 10271

Telephone: (212) 417-8000

National Acquisition Corporation, a Delaware corporation, or Merger Sub, was formed by National solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon the completion of the merger, Merger Sub will cease to exist and Gilman will continue as the surviving corporation of the merger as a wholly-owned subsidiary of National.

Gilman Ciocia, Inc. (See page 140)

Gilman Ciocia, Inc.

11 Raymond Avenue

Poughkeepsie, New York 12603

Telephone: (845) 485-5278

Gilman Ciocia, Inc, a Delaware corporation, was founded in 1981. Gilman provides federal, state and local tax preparation services to individuals, predominantly in the middle and upper income tax brackets, accounting services to small and midsize companies and financial planning services, including securities brokerage, investment management services, insurance and financing services.

As of July 31, 2013, Gilman had 26 offices operating in three states (New York, New Jersey, and Florida). Gilman's financial planning clients are generally introduced to Gilman through its tax return preparation services, accounting services and educational workshops. Gilman believes that its tax return preparation and accounting services are inextricably intertwined with its financial planning activities and that overall profitability will depend, in part, on the two channels "leveraging off each other" since many of the same processes, procedures and systems support sales from both channels. Accordingly, Gilman's management views and evaluates Gilman as one segment .

Gilman also provides financial planning services through approximately 26 independently owned and operated offices in 8 states.

All of Gilman's planners are employees or independent contractors of Gilman and registered representatives of Prime Capital Services, Inc. ("PCS"), Gilman's wholly-owned subsidiary. PCS conducts a securities brokerage business providing regulatory over-sight and products and sales support to its registered representatives, who sell investment products and provide services to their clients. PCS earns a share of commissions from the services that the financial

planners provide to their clients in transactions for securities, insurance and related products. PCS is a registered securities broker-dealer with the SEC and a member of FINRA. Gilman also has a wholly-owned subsidiary, Asset & Financial Planning, Ltd. (“AFP”), which is registered with the SEC as an investment advisor. Almost all of Gilman’s financial planners are also authorized agents of insurance underwriters. Gilman has the capability of processing insurance business through PCS and Prime Financial Services, Inc. (“PFS”, a wholly-owned subsidiary), which are licensed insurance brokers, as well as through other licensed insurance brokers. Gilman is a licensed mortgage broker in the State of New York and through GC Capital Corp, its wholly-owned subsidiary, licensed to conduct a mortgage brokerage business in the State of Florida.

The Merger (See page 44)

National and Gilman have entered into a merger agreement that provides for the merger of Gilman and a wholly-owned subsidiary of National. As a result of the merger, Gilman will become a wholly-owned subsidiary of National.

The Merger Agreement (See page 92)

A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus. National and Gilman encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

What you will Receive in the Merger (See page 92)

All of the outstanding shares of Gilman common stock, par value \$0.01 per share, outstanding as of the effective time will be exchanged for a total of up to 24,000,000 shares (subject to rounding for fractional shares) of National common stock which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed \$5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of \$5,000,000 and up to \$5,400,000 (the “Difference”) shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and \$0.30 (subject to equitable adjustment for any stock split, dividend recapitalization and the like). By way of example, if Gilman’s outstanding indebtedness were \$5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.23501881466 of a share of National common stock per share of Gilman common stock.

Treatment of Stock Options and Warrants (See page 72)

At the effective time of the merger, there will be no options or warrants to purchase Gilman common stock outstanding and National shall issue five-year options to purchase 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of \$0.50 per share.

Recommendation of the Gilman’s Board of Directors (See page 65)

The Gilman board of directors approved the merger agreement, and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders, and recommend that all stockholders vote “**FOR**” the adoption of the merger agreement.

Gilman’s board of directors considered a number of factors in determining to approve and adopt the merger agreement and the merger. These considerations are described in the section entitled “Proposal I — The Merger — Gilman’s Reasons for the Merger and Recommendations of Gilman’s Board of Directors” starting on page 65.

Opinion of Gilman’s Financial Advisor (See page 67)

Cassel Salpeter & Co., LLC (“Cassel Salpeter,”) an investment banking firm, rendered its oral opinion to the Gilman board of directors on June 19, 2013 (which was subsequently confirmed in writing by delivery of Cassel Salpeter’s written opinion dated the same date) as to, as of June 19, 2013, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement. For purposes of Cassel Salpeter’s opinion, Cassel Salpeter was advised that the exchange ratio of 0.248843451 shares of National common stock per share of Gilman common stock was subject to adjustment as provided in the merger agreement. For purposes of its analysis and opinion, Cassel Salpeter relied upon and assumed, at Gilman management’s direction, that the adjustment would reduce the exchange ratio to 0.241931133 of a share of National common stock per share of Gilman common stock.

The opinion was provided for the use and benefit of the Gilman board in connection with its consideration of the merger and only addressed, as of the date of the opinion, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement and did not address any other aspect or implication of the merger. The summary of Cassel Salpeter’s opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is included as **Annex C** to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Cassel Salpeter in preparing its opinion. However, neither Cassel Salpeter’s written opinion nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to any matter relating to the proposed merger.

Opinion of National's Financial Advisor (See page 49)

Houlihan Capital, LLC ("Houlihan"), an investment banking firm, rendered its oral opinion to the National board of directors on June 20, 2013 (which was subsequently confirmed in writing by delivery of Houlihan's written opinion dated the same date) as to the fairness, from a financial point of view, of the merger consideration provided for in the merger pursuant to the merger agreement. The opinion was provided for the use and benefit of the National's board of directors in connection with its consideration of the merger and only addressed the fairness to holders of National common stock, from a financial point of view, of the merger consideration provided for in the merger pursuant to the merger agreement, as of the date of the opinion, and did not address any other aspect or implication of the merger. The summary of this opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is included as Annex D to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan in preparing its opinion. However, neither Houlihan's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to any matter relating to the proposed

Interests of Directors and Executive Officers in the Merger (See page 73)

Some of the directors and executive officers of National and Gilman have interests in the merger that are different from, or are in addition to, the interests of their stockholders. These interests include the following:

as of July 31, 2013, directors and executive officers of Gilman and their affiliates beneficially owned approximately 76.7% of the outstanding shares of Gilman common stock;

following the effective time of the merger, National will appoint two persons nominated by the Gilman board of directors and reasonably acceptable to National to serve as Class I members of the National board of directors and to nominate such persons for election at the next election of Class I directors of National;

continued directors' and officers' liability insurance coverage for three years following the effective time of the merger and indemnification coverage for Gilman's current officers and directors as provided under Gilman's certificate of incorporation and bylaws;

each of Michael Ryan (Gilman's Chief Executive Officer and President), Carole Enisman (former Executive Vice President of Operations and Michael Ryan's wife), Ted Finkelstein (Gilman's Vice President, General Counsel and

Secretary), Edward Cohen (Gilman director), Fredrick Wasserman (Gilman director), John Levy (Gilman director), Allan Page (Gilman director), James Ciocia (Gilman director), Prime Partners II, LLC (company controlled by Michael Ryan), Prime Partners, Inc. (company controlled by Michael Ryan), Wynnefield Partners Small Cap Value L.P. I, Wynnefield Partners Small Cap Value L.P., Wynnefield Small Cap Value Offshore Fund, Ltd. and Dennis Conroy (Gilman's former Chief Accounting Officer) (each a "voting stockholder" and collectively, the "voting stockholders") have each entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal.

Ted Finkelstein is entitled to a change-in-control payment in the event of voluntary or involuntary termination resulting from the merger in an amount equal to \$185,000;

in connection with the closing of the merger, National will pay off up to \$5,400,000 of outstanding indebtedness of Gilman which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries. Such outstanding indebtedness, which is referred to as assumed indebtedness, includes notes in the aggregate principal amount of \$78,000 issued to Michael Ryan, notes in the aggregate principal amount of \$260,000 issued to Carole Enisman, a note in the principal amount of \$101,640 issued to Prime Partners, Inc., a company under the control of Michael Ryan, and notes in the aggregate principal amount of \$600,000 issued to three trusts of which James Ciocia, Chairman of the Gilman's board, is the trustee; and

in connection with the closing of the merger, Michael Ryan will enter into an employment agreement with National relating to his continued employment at Gilman after the effective time of the merger, the form attached to the merger agreement.

The Gilman board of directors was aware of and considered these interests, among other matters, in reaching its decision to approve and adopt the merger agreement and recommend that the Gilman stockholders adopt the merger agreement.

Financing Matters (see page 73)

At closing National is required to pay off assumed indebtedness of Gilman of up to \$5,400,000. The obligation to complete the merger is not subject to National securing financing to pay off the assumed indebtedness. National may payoff the assumed indebtedness through equity financing.

Dissenters' Rights (See page 74)

Under Delaware law, Gilman stockholders have the right to dissent from the merger and to receive payment for the fair value of their shares of Gilman common stock, as determined by the Delaware Chancery Court. This right of appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise appraisal rights, a Gilman stockholder must: (1) send to Gilman a written demand for appraisal in compliance with Delaware law before the vote on the merger; and (2) not vote in favor of the merger.

Merely voting against the merger will not protect a Gilman stockholder's rights to appraisal. In order to protect such rights, the stockholder must adhere to all of the requirements set forth under Delaware law. The requirements under Delaware law for exercising appraisal rights are described in further detail in the section entitled "Dissenter's Rights" on page 74 of the proxy statement/prospectus. The relevant section of Delaware law regarding appraisal rights is reproduced and included as Annex E to this proxy statement/prospectus

A person having a beneficial interest in shares of Gilman common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized in this proxy statement/prospectus and in a timely manner to perfect appraisal rights. **In view of the complexity of Section 262 of the DGCL, Gilman stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.**

The Stockholders Meeting (See page 39)

The Gilman special meeting will be held on September 9, 2013 at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006, at 10:00 a.m. local time, Holders of record of Gilman common stock at the close of business on August 7, 2013 will be entitled to notice of and to vote at the special meeting with regard to the following proposals:

a proposal to adopt the merger agreement and the transactions contemplated thereby;

a proposal to approve, on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger; and

a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

On the record date there were 96,446,179 shares of Gilman common stock outstanding and entitled to vote at the special meeting, held by approximately 443 holders of record. Each share of Gilman common stock issued and outstanding on the record date is entitled to one vote on each proposal to be voted upon at the Gilman special meeting.

Voting and Support Agreements (Page 106)

On June 20, 2013, the voting stockholders entered into a voting and support agreement with National and Merger Sub, pursuant to which the voting stockholders agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or approximately 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition of the merger (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

A copy of the form of voting and support agreement executed and delivered by each of the voting stockholders is attached to this proxy statement as **Annex B**.

Board of Directors and Management Following the Merger (See page 171)

Immediately following the effective time, National's board of directors will consist of 11 persons and shall consist of Robert Fagenson, Mark Klein, Mark Goldwasser, Leonard J. Sokolow, Frank S. Plimpton, Salvatore Giardina, Peter Zurkow, William Lerner, Frederic Powers and two persons nominated by the Gilman board of directors who are reasonably acceptable to National.

Approval of "Golden Parachute" Compensation (page 78)

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-21(c) under the Exchange Act, stockholders have the opportunity to cast a nonbinding advisory vote with respect to certain payments that may be made to one of Gilman's named executive officers in connection with the merger, or "golden parachute" compensation, as reported on the Golden Parachute Compensation table on page 78. The Gilman board of directors recommends that you vote "**FOR**" approval of the nonbinding advisory proposal regarding "golden parachute" compensation.

Approval of the proposal regarding “golden parachute” compensation requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

Approval of this proposal is not a condition to completion of the merger. The vote with respect to “golden parachute” compensation is an advisory vote and will not be binding on Gilman. Therefore, regardless of whether or not stockholders approve the “golden parachute” compensation, if the merger agreement is adopted by the stockholders and the merger is completed, the “golden parachute” compensation will still be paid to Gilman’s named executive officers to the extent payable.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to approve on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in this proxy statement/prospectus is assured by Gilman stockholders.

Regulatory Approvals (page 79)

The following is a summary of the material regulatory requirements for completion of the merger. There can be no guarantee if and when any of the consents or approvals required for the merger will be obtained or as to the conditions that such consents and approvals may contain. For further information, please see “Risk Factors” beginning on page 19.

Registration of National Shares. National must comply with applicable federal and state securities laws in connection with the issuance of shares of National common stock to Gilman’s stockholders and the filing of this proxy statement/prospectus with the Securities and Exchange Commission. As of the date hereof, the registration statement of which this proxy statement is a part has not become effective.

FINRA Rule 1017 National and Gilman are required to obtain the approval of FINRA under Rule 1017 with respect to the merger. National and Gilman are in the process of filing an application under Rule 1017 with FINRA.

Accounting Treatment (See page 79)

National had 89,016,988 shares outstanding as of August 7, 2013 and will be the acquirer for accounting purposes. National intends to account for the merger as an acquisition using the acquisition method of accounting under generally accepted accounting principles. Gilman's operating results will be included with National's beginning at the effective time of the merger.

United States Federal Income Tax Considerations (See page 79)

National and Gilman intend that the merger will be a tax-free reorganization for U.S. federal income tax purposes, and that Gilman stockholders (other than Gilman stockholders that exercise their appraisal rights and receive cash in exchange for their shares) will recognize no gain or loss upon exchanging their Gilman common stock for shares of National common stock. Gilman stockholders (including Gilman stockholders that will receive cash as a result of exercising their appraisal rights) should consult with their own tax advisors concerning the federal income tax consequences of the merger, as well as the applicable state, local, foreign or other tax consequences, based upon their individual circumstances.

Effective Time of the Merger; Exchange of Shares (See page 93)

The merger will become effective when a certificate of merger is filed with the Secretary of State of Delaware. National expects to file the certificate as soon as practicable after the special meeting, subject to approval by Gilman's stockholders at the special meeting, and satisfaction or waiver of the terms and conditions of the merger agreement.

Computershare Trust Company ("Computershare") will act as exchange agent for the merger and will forward detailed instructions to you regarding the surrender of your share certificates, together with a letter of transmittal, promptly after the merger is completed. You should not submit your certificates to Computershare until you have received these materials. Computershare will issue new National certificates to all Gilman stockholders exchanging their shares, rounding up to the nearest whole share, as promptly as practicable following its receipt of your certificates and other required documents. You will not receive accrued interest on the cash payable to you upon the surrender of your

certificates. YOU SHOULD NOT SEND ANY SHARE CERTIFICATES AT THIS TIME.

Conditions to the Merger (See page 100)

The obligations of National, Merger Sub and Gilman to consummate the merger are subject to the satisfaction or waiver (where permissible) of a number of conditions, at or prior to the effective time of the merger, including the following:

the adoption of the merger agreement by the affirmative vote of a majority of the then outstanding shares of Gilman common stock entitled to vote thereon;

the outstanding indebtedness of Gilman not exceeding \$5,400,000 which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries and the payoff of such indebtedness by National;

the holders of no more than 5%, in the aggregate, of the outstanding shares of Gilman common stock have properly exercised (and not withdrawn) appraisal rights in accordance with applicable law;

FINRA having approved an application under Rule 1017 with respect to the merger (the "Rule 1017 Application"); and

the representations and warranties of National, Merger Sub Gilman contained in the merger agreement shall have been true and correct as of the date of the merger agreement and shall be true and correct as of the effective time of the merger as though made at and as of the effective time of the merger (except for representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that particular date), after giving effect to any updates made to the schedules to the merger agreement

Termination of Merger Agreement (See page 101)

The merger agreement may be terminated at any time before completion of the merger in any of the following ways:

by mutual written consent of National, Merger Sub and Gilman;

by either National or Gilman if any court or governmental entity having jurisdiction in the United States shall have issued an order, decree or ruling enjoining or prohibiting the merger which has become final and nonappealable;

by either National or Gilman if the effective time has not occurred on or before December 31, 2013. Such right to terminate will not be available to any party whose action or failure to perform in breach of the merger agreement has been the cause of or resulted in the failure of the effective time of the merger to occur;

by National, so long as neither National nor Merger Sub has materially breached any of its obligations contained in the merger agreement, if Gilman breaches any representation, warranty, covenant or agreement contained in the merger agreement which breach would result in a failure of any of the conditions to the obligation of National or Merger Sub to effect the merger; and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to Gilman and (b) December 31, 2013.

by National if Gilman's board of directors withdraws or modifies in a manner adverse to National, or proposes publicly to withdraw or modify in a manner adverse to National, Gilman's recommendation that its stockholders vote to adopt and approve merger agreement or resolves or agrees to take any such action;

by Gilman, so long as Gilman has not materially breached any of its obligations contained in the merger agreement if National or Merger Sub breaches any representation, warranty, covenant or agreement contained in the merger agreement, which breach would result in a failure of any of the conditions to the obligation of Gilman to effect the merger and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to National and (b) December 31, 2013; or

by Gilman in connection with the receipt of a superior proposal under the terms and subject to the conditions set forth in the merger agreement

Should any of these potential grounds for termination occur, National's and Gilman's board of directors, as applicable, may elect to exercise their respective rights to terminate the merger agreement.

Expenses and Termination Fees (See page 102)

Generally, all fees and expenses incurred in connection with the merger agreement will be paid by the party incurring those expenses.

The merger agreement provides that, upon termination under specified circumstances, (i) Gilman would be required to pay National a termination fee of \$800,000, and (ii) National would be required to pay Gilman a reverse termination fee of \$800,000.

Comparison of the Rights of Holders of National Common Stock and Gilman Common Stock (See page 186)

As a result of the completion of the merger, holders of Gilman common stock will become holders of National common stock. Each of National and Gilman is a Delaware corporation governed by the Delaware General Corporation Law ("DGCL"), but the rights of National stockholders currently are, and from and after the merger will be, governed by National's Certificate of Incorporation and Bylaws, while the rights of Gilman's stockholders are currently governed by Gilman's Certificate of Incorporation and Bylaws. This proxy statement/prospectus includes summaries of the material differences between the rights of National stockholders and Gilman stockholders arising because of difference in the Certificates of Incorporation and Bylaws.

Summary Consolidated Financial Data of National

The following tables set forth summary consolidated financial information of National. The summary statement of operations data for the six month periods ended March 31, 2013 and 2012, and the selected balance sheet data as of March 31, 2013 have been derived from National's unaudited consolidated financial statements appearing later in this proxy statement/prospectus. In the opinion of National's management, all adjustments considered necessary for a fair presentation of the interim financial information have been included. The summary income statement data for the years ended September 30, 2012 and 2011 and the selected balance sheet data as of September 30, 2011 have been derived from audited consolidated financial statements, except as noted below. The following information should be read together with National's consolidated financial statements, the notes related thereto and management's related reports on National's financial condition and performance appear later in this proxy statement / prospectus. The operating results for the six months ended March 31, 2013 are not necessarily indicative of the results to be expected in any future period.

	Six Months Ended		Fiscal Year Ended	
	March 31,		September 30,	
	2013	2012	2012	2011
	(Unaudited) (Unaudited)			
Statement of operations data				
Total revenue	\$59,39,300	\$58,608,000	\$118,648,000	\$126,521,000
Net income (loss) attributable to common stockholders(1)	\$454,000	(2,862,000)	\$(2,030,000)	\$(5,127,000)
Basic income (loss) per common share (1)	\$0.01	\$(0.12)	(0.08)	(0.18)
Diluted income (loss) per common share (1)	\$0.01	\$(0.12)	na	na

Significant losses occurred in 2012 and 2011. In 2012, National wrote off \$1,051,000 for the loss on disposition of (1)an unconsolidated joint venture and in 2011 a loss of \$1,603,000 was recorded due to the change in fair value of derivatives.

March 31,
2013
Unaudited

September
30,
2012

Balance sheet data

Total assets	\$23,854,000	\$16,589,000
Convertible and subordinated borrowings	\$0	(7,800,000)

Summary Consolidated Financial Data of Gilman

The following tables set forth summary consolidated financial information of Gilman. The summary statement of operations data for the nine months ended March 31, 2013 and 2012, and the selected balance sheet date as of March 31, 2013 have been derived from Gilman's unaudited consolidated financial statements appearing later in this proxy statement/prospectus. In the opinion of Gilman's management, all adjustments considered necessary for a fair presentation of the interim financial information have been included. The summary income statement data for the years ended June 30, 2012 and 2011 and the selected balance sheet data as of June 30, 2012 have been derived from audited consolidated financial statements, except as noted below. The following information should be read together with Gilman's consolidated financial statements, the notes related thereto and management's related reports on Gilman's financial condition and performance appear later in this proxy statement/prospectus. The operating results for the nine months ended March 31, 2013 are not necessarily indicative of the results to be expected in any future period.

	Nine Months Ended		Fiscal Year Ended June	
	March 31,	2012	30,	2011
	2013	2012	2012	2011
	(Unaudited)	(Unaudited)		
Statement of operations data				
Total revenue	\$27,338,000	\$29,774,000	\$40,372,000	\$41,483,000
Net income (loss) attributable to common stockholders(1)	\$336,000	(516,000)	\$(687,000)	\$(1,771,000)
Basic and diluted income (loss) per common share	\$0.00	\$(0.01)	(0.01)	(0.02)

	March 31, 2013	June 30, 2012
	Unaudited	
Balance sheet data		
Total assets	\$13,923,000	\$14,455,000
Notes payable and capital leases	\$5,197,000	\$4,665,000
Due to related parties	\$1,081,000	