

Herman Gary L  
 Form 3  
 September 11, 2007

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

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

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

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

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

(Last) (First) (Middle)

4. Relationship of Reporting Person(s) to Issuer

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

720 FIFTH AVENUE, 10TH FLOOR, NY

(Check all applicable)

(Street)

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

NEW YORK, NY 10019

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

(City) (State) (Zip)

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

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

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

SEC 1473 (7-02)

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

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

## Reporting Owners

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

## Signatures

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

## Explanation of Responses:

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

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

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

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

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

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

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