

ASTA FUNDING INC
Form DEF 14A
January 26, 2007

Table of Contents

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. ___)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-11(c) or ss.240.14a-12

ASTA FUNDING, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

**ASTA FUNDING, INC.
210 SYLVAN AVENUE
ENGLEWOOD CLIFFS, NEW JERSEY 07632**

Dear Stockholder:

On behalf of the Board of Directors, you are cordially invited to attend the Annual Meeting of Stockholders (the Meeting) of Asta Funding, Inc. (the Company) to be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey, on Thursday, March 8, 2007 at 11:00 a.m.

The enclosed Notice of Meeting and the accompanying Proxy Statement describe the business to be conducted at the Meeting. I am also pleased to enclose a copy of the Company s 2006 Annual Report on Form 10-K, which contains certain information regarding the Company and its financial results for the fiscal year ended September 30, 2006.

It is important that your shares of Common Stock be represented and voted at the Meeting. Accordingly, regardless of whether you plan to attend the Meeting in person, please complete, date, sign and return the enclosed proxy card in the envelope provided, which requires no postage if mailed in the United States. Even if you return a signed proxy card, you may still attend the Meeting and vote your shares in person. Every stockholder s vote is important, whether you own a few shares or many.

I look forward to seeing you at the Meeting.

Sincerely,

Gary Stern
President and Chief Executive Officer

Dated: January 26, 2007

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

ANNUAL MEETING OF STOCKHOLDERS MARCH 8, 2007

PROXY STATEMENT

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

SECURITY OWNERSHIP OF MANAGEMENT

PROPOSAL ONE ELECTION OF DIRECTORS

BOARD ORGANIZATION AND MEETINGS

Performance Graph

COMPENSATION OF DIRECTORS

EXECUTIVE COMPENSATION

STOCK OPTION and STOCK AWARD PLANS

OPTION/SAR GRANTS IN LAST FISCAL YEAR

AGGREGATED OPTION/SAR EXERCISE IN LAST FISCAL YEAR AND FY-END OPTION/SAR
VALUES(1)

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

CERTAIN RELATED PARTY TRANSACTIONS

STOCKHOLDER PROPOSALS

OTHER MATTERS

Table of Contents

**ASTA FUNDING, INC
210 SYLVAN AVENUE
ENGLEWOOD CLIFFS, NEW JERSEY 07632**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
MARCH 8, 2007**

The Annual Meeting of Stockholders (the Meeting) of Asta Funding, Inc. (the Company) will be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey, on March 8, 2007 at 11:00 a.m. to consider and act upon the following:

1. The election of eight directors.
2. The transaction of such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Only holders of record of the Company s Common Stock, par value \$.01 per share, at the close of business on January 22, 2007 will be entitled to vote at the Meeting. A complete list of those stockholders will be open to examination by any stockholder, for any purpose germane to the Meeting, during ordinary business hours at the Company s executive offices at 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632 for a period of ten days prior to the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Mitchell Cohen,
Chief Financial Officer and Secretary

Dated: January 26, 2007

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, MANAGEMENT URGES YOU TO COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE. YOU MAY REVOKE THE PROXY AT ANY TIME PRIOR TO ITS EXERCISE.

Table of Contents

**ASTA FUNDING, INC
210 SYLVAN AVENUE
ENGLEWOOD CLIFFS, NEW JERSEY 07632**

**ANNUAL MEETING OF STOCKHOLDERS
MARCH 8, 2007**

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of Asta Funding, Inc. (the Company) for use at the Annual Meeting of Stockholders to be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey on Thursday, March 8, 2007 at 11:00 a.m., and at any adjournments or postponements thereof (the Meeting) for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. A stockholder giving a proxy has the right to revoke it by giving written notice of such revocation to the Secretary of the Company at any time before it is voted, by submitting to the Company a duly-executed, later-dated proxy or by voting the shares subject to such proxy by written ballot at the Meeting. The presence at the Meeting of a stockholder who has given a proxy does not revoke such proxy unless such stockholder files the aforementioned notice of revocation or votes by written ballot.

This Proxy Statement and the enclosed form of proxy are first being mailed to stockholders on or about January 26, 2007. All shares represented by valid proxies pursuant to this solicitation (and not revoked before they are exercised) will be voted as specified in the proxy. The Board of Directors recommends a vote FOR the proposal listed. If no directions are given by the person(s) executing this Proxy, the shares will be voted in favor of the listed proposal the election of management's nominees to the Board of Directors. This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder, and unless otherwise specified, the shares will be voted for the proposal.

The solicitation of proxies may be made by directors, officers and regular employees of the Company or any of its subsidiaries by mail, telephone, facsimile or telegraph or in person without additional compensation payable with respect thereto. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxy-soliciting material to the beneficial owners of stock held of record by such persons, and the Company will reimburse them for reasonable out-of-pocket expenses incurred by them in so doing. All costs relating to the solicitation of proxies will be borne by the Company.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Only holders of shares of the Company's Common Stock, par value \$.01 per share (Common Stock), of record on the close of business on January 22, 2007 (the Record Date), are entitled to vote at the Meeting. On the Record Date, the Company had outstanding 13,765,157 shares of Common Stock. Each holder of Common Stock will have the right to one vote for each share standing in such holder's name on the books of the Company as of the close of business on the Record Date with respect to each of the matters considered at the Meeting. There are no cumulative voting rights with respect to the election of Directors. Holders of the Common Stock will not have any dissenters' rights of appraisal in connection with any of the matters to be voted on at the Meeting.

The presence in person or by proxy of the holders of shares entitled to cast a majority of the votes of all shares entitled to vote will constitute a quorum for purposes of conducting business at the Meeting. Assuming that a quorum is present, directors will be elected by a plurality vote. Pursuant to Delaware corporate law, abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present and do not have an effect on the election of directors.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth information as of December 31, 2006 with respect to beneficial ownership of the Company's Common Stock by (i) each director and executive officer acting in the capacity as such on September 30, 2006, (ii) each person known by the Company to own beneficially more than five percent of the Company's outstanding Common Stock, and (iii) all directors and executive officers as a group. Unless otherwise indicated, the address of each such person is c/o Asta Funding, Inc., 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632. All persons listed have sole voting and investment power with respect to their shares unless otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage(1)
Arthur Stern	642,683(2)	4.6%
Gary Stern	1,515,987(3)	10.4%
Mitchell Cohen	35,000(4)	*
Herman Badillo	63,000(5)	*
120 Broadway New York, NY 10271		
Edward Celano	58,002(6)	*
2115 Scotch Gamble Road Scotch Plains, NJ		
Harvey Leibowitz	83,000(7)	*
159 West 53 rd Street, Apt 229 New York, NY 10019		
David Slackman	47,334(8)	*
28 Markwood Lane East Northport, NY 11731		
Alan Rivera	45,000(9)	*
1370 6 th Avenue 2 nd Floor New York, NY 10019		
Louis A. Piccolo	26,769(10)	*
211 East 53 rd Street New York, NY 10022		
Asta Group, Incorporated	842,000(11)	6.1%
Barbara Marburger	440,451(12)	3.2%
9 Locust Hollow Road Monsey, NY 10952		
Judith R. Feder	1,568,200(13)	11.4%
928 East 10 th Street Brooklyn, NY 11230		
Stern Family Investors LLC	692,000(14)	5.0%
GMS Family Investors LLC	865,200(15)	6.3%
All executive officers and directors as a group (9 persons)	2,516,774(16)	16.6%

* Less than 1%

- (1) Any shares of common stock that any person named above has the right to acquire within 60 days of December 31, 2006, are deemed to be outstanding for purposes of calculating the ownership percentage of such person, but are not deemed to be outstanding for purposes of calculating the beneficial ownership percentage of any other person not named in the table above.
- (2) Includes 286,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006, and 214,599 shares of common stock owned by Asta Group, Incorporated which shares are attributable to Arthur Stern based on his percentage ownership of Asta Group. Includes 15,000 shares of

Table of Contents

restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Stern has the right to vote. Excludes 349,460 shares owned by Stern Family Investors LLC which shares are attributable to Arthur Stern based on his percentage ownership of such LLC and 952 shares owned by GMS Family Investors LLC which shares are attributable to Arthur Stern based on his percentage ownership of such LLC. Arthur Stern does not have voting or investment power with respect to any of the shares held by either LLC and disclaims beneficial ownership of the shares owned by the LLCs.

- (3) Includes 786,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006, and 196,656 shares of common stock owned by Gary Stern as custodian for his minor children and 285,607 shares of common stock owned by Asta Group, which shares are attributable to Gary Stern based on his percentage ownership of Asta Group. Includes 15,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Stern has the right to vote. Excludes 687,488 shares owned by GMS Family Investors LLC which shares are attributable to Gary Stern based on his percentage ownership of such LLC. Gary Stern does not have voting or investment power with respect to any of the shares held by the LLC and disclaims beneficial ownership of the shares owned by the LLC. Also excludes 196,656 shares of common stock held by one of his children who is no longer a minor and for which he disclaims beneficial ownership.
- (4) Includes 20,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 15,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Cohen has the right to vote.
- (5) Includes 60,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Badillo has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.
- (6) Includes 55,002 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Celano has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.
- (7) Includes 80,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Leibowitz has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.
- (8) Includes 500 shares of common stock owned directly and 43,834 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Slackman has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.
- (9) Includes 42,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Rivera has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.

(10)

Includes 23,769 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 3,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006 which Mr. Piccolo has the right to vote. Excludes 3,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006.

- (11) Asta Group, Incorporated is owned by Arthur Stern, our Chairman of the Board and an Executive Vice President, Gary Stern, our President and Chief Executive Officer, and other members of the Stern family, including Barbara Marburger.
- (12) Includes 90,676 shares of common stock owned by Barbara Marburger as custodian for her minor child and 70,907 shares of common stock owned by Asta Group, which shares are attributable to Barbara Marburger based on her percentage ownership of Asta Group. Excludes shares of common stock held by her children who

Table of Contents

are no longer minors and for which she disclaims beneficial ownership. Barbara Marburger is the daughter of Arthur Stern and the sister of Gary Stern.

- (13) Includes 11,000 shares of common stock owned directly, 692,000 shares owned by Stern Family Investors LLC and 865,200 shares owned by GMS Family Investors LLC. Ms. Feder is the manager of each LLC and as such has sole voting and investment power as to such shares.
- (14) A limited liability company of which Judith R. Feder has sole voting and investment power. Arthur Stern has a 49.5% beneficial interest in the LLC, his wife, Alice Stern, has a 1% beneficial interest, and a trust for the benefit of the descendants of Arthur Stern, of which Judith R. Feder is trustee, has a 49.5% beneficial interest in the LLC.
- (15) A limited liability company of which Judith R. Feder has sole voting and investment power. Gary Stern has a 79.46% beneficial interest in the LLC, trusts for the benefit of the children of Gary Stern of which Judith R. Feder is the trustee have a combined 20.43% beneficial interest (10.215% each), and Arthur Stern has a .11% beneficial interest in the LLC.
- (16) Includes 1,396,605 shares of common stock issuable upon exercise of options that are exercisable within 60 days of December 31, 2006. Includes 63,000 shares of restricted stock that will not have vested within 60 days of December 31, 2006. Excludes 18,000 of common stock issuable upon exercise of options that are not exercisable within 60 days of December 31, 2006. Excludes the shares owned in the aggregate by Stern Family Investors LLC and GMS Family Investors LLC.

PROPOSAL ONE

ELECTION OF DIRECTORS

In accordance with the Company's Certificate of Incorporation and Bylaws, the number of directors of the Company has been set by the Board of Directors at eight. At the Meeting, eight directors will be elected by the stockholders to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified.

All eight nominees named in this proxy statement are currently directors who will serve until their successors are duly elected and qualified. Each person named herein as a nominee for director has consented to serve, and it is not contemplated that any nominee would be unable to serve, as a director. However, if a nominee is unable to serve as a director, a substitute will be selected by the Board of Directors and all proxies eligible to be voted for the Board of Directors' nominees will be voted for such other person.

The current Board of Directors, based on the recommendation of our Nominating Committee, nominated the individuals named below for election to our Board of Directors. Background information on each of the nominees as of December 31, 2006 is set forth below:

Name	Age	Position
Arthur Stern	86	Chairman of the Board and Executive Vice President
Gary Stern	54	Director, President and Chief Executive Officer
Herman Badillo	77	Director
Edward Celano(1)(3)	68	Director
David Slackman(1)(2)	59	Director

Harvey Leibowitz(1)(2)	72	Director
Alan Rivera(2)(3)	44	Director
Louis A. Piccolo(3)	54	Director

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Member of Nominating Committee

Table of Contents

Arthur Stern has been a director and has served as Chairman of the Board of Directors and Executive Vice President of the Company since the Company's inception in July 1994. Since 1963, Mr. Arthur Stern has been President of Asta Group, Incorporated, a consumer finance company (Group). In such capacities, he has obtained substantial experience in distressed consumer credit analysis and receivables collections.

Gary Stern has been a director and the President and Chief Executive Officer of the Company since the Company's inception in July 1994. Mr. Gary Stern has been Vice President, Secretary, Treasurer and a director of the Group since 1980 and held other positions with Group prior thereto. In such capacities, he has obtained substantial experience in distressed consumer credit analysis and receivables collections.

Herman Badillo has been a director of the Company since September 1995. He has been Of Counsel at Sullivan Papain Block McGrath & Cannavo P.C. since 2005. Prior to joining his current firm Mr. Badillo was a founding member of Fischbein, Badillo, Wagner & Harding, a law firm located in New York City, for more than six years. He has formerly served as Special Counsel to the Mayor of New York City for Fiscal Oversight of Education and as a member of the Mayor's Advisory Committee on the Judiciary. Mr. Badillo served as a United States Congressman from 1971 to 1978 and Deputy Mayor of New York City from 1978 to 1979.

Edward Celano has been a director of the Company since September 1995. Mr. Celano has served as a consultant to Walters and Samuels, Incorporated since 2003. He was formally a consultant with M.R. Weiser & Co., from 2001 to 2003 and an Executive Vice President of Atlantic Bank from May 1996 to February 2001. Prior to May 1996, Mr. Celano was a Senior Vice President of NatWest Bank, now Bank of America, after having held different positions at the bank for over 20 years.

Harvey Leibowitz has been a director of the Company since March 2000. Mr. Leibowitz has served as a Senior Vice President of Sterling National Bank since June 1994. Prior to June 1994, Mr. Leibowitz was employed as a Senior Vice President and Vice President of several banks and financial institutions since 1963.

David Slackman has been a director of the Company since May 2002. Mr. Slackman has served as President, Manhattan Market New York of Commerce Bank since June 2001. Prior to June 2001, Mr. Slackman was an Executive Vice President of Atlantic Bank of New York from 1994 to 2001 and a Senior Vice President of the Dime Savings Bank from 1986 to 1994.

Alan Rivera has been a director of the Company since February 2004. Mr. Rivera has served as Chief Financial Officer and General Counsel of Millbrook Capital Management Inc. since September 1996. Prior to September 1996, Mr. Rivera was an Executive Vice President of Finance and Administration and General Counsel of the New York City Economic Development Corporation from 1994 to 1996.

Louis A. Piccolo has been a director of the Company since June 2004. Mr. Piccolo has served as President of A.L. Piccolo & Co., Inc since 1988. A.L. Piccolo & Co. is a business consulting firm specializing in management and financial consulting. Prior to 1988, Mr. Piccolo was an Executive Vice President and Chief Financial Officer of Alfred Dunhill of London, Inc from 1983 to 1988, and held the same positions at Debenham's PLC, from 1981 to 1983. From 1977 to 1981, Mr. Piccolo was a senior accountant at KPMG Peat Marwick.

Arthur Stern is the father of Gary Stern. There are no other family relationships among directors or officers of the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES TO THE BOARD OF DIRECTORS DESCRIBED ABOVE IN PROPOSAL ONE.

BOARD ORGANIZATION AND MEETINGS

Composition of the Board of Directors. Since the adoption of the Sarbanes-Oxley Act in July 2002, there has been a growing public and regulatory focus on the independence of directors. Additional requirements relating to independence are imposed by the Sarbanes-Oxley Act with respect to members of the Audit Committee. The Board has established procedures consistent with the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission and The NASDAQ Stock Market. The Board of Directors has also determined that the following members

Table of Contents

of the Board satisfy the NASDAQ definition of independence: Edward Celano, Harvey Leibowitz, David Slackman, Alan Rivera and Louis A. Piccolo.

During the fiscal year ended September 30, 2006, the Board of Directors held nine meetings, the Audit Committee held five meetings, the Compensation Committee held one meeting and the Nominating Committee held one meeting. During the 2006 fiscal year, all members of the Board of Directors attended at least 75% of all the meetings of the Board of Directors that such Director was eligible to attend, and committees of the Board of Directors of which such director was a member. There are three standing committees of the Board of Directors, each of which is described below.

Compensation Committee. During the fiscal year ended September 30, 2006, the Compensation Committee consisted of David Slackman (Chairman), Harvey Leibowitz and Alan Rivera. The Compensation Committee is empowered by the Board of Directors to review the executive compensation of the Company's officers and directors and to recommend any changes in compensation to the full Board of Directors.

Audit Committee. During the fiscal year ended September 30, 2006, the Audit Committee consisted of Harvey Leibowitz (Chairman), David Slackman and Edward Celano. The Audit Committee is empowered by the Board of Directors to, among other things: serve as an independent and objective party to monitor the Company's financial reporting process, internal control system and disclosure control system; review and appraise the audit efforts of the Company's independent accountants; assume direct responsibility for the appointment, compensation, retention and oversight of the work of the outside auditors and for the resolution of disputes between the outside auditors and the Company's management regarding financial reporting issues; and provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors.

The Audit Committee has selected Eisner LLP to serve as the Company's independent accountants during the current fiscal year, ending September 30, 2007. Eisner LLP served as the Company's independent registered public accounting firm during the fiscal year ended September 30, 2006. A representative of Eisner LLP is expected to be present at the Annual Meeting to make such statements as Eisner LLP may desire and will be available to answer appropriate questions from shareholders.

Audit Committee Financial Expert. The Board of Directors has determined that Harvey Leibowitz is an audit committee financial expert as such term is defined by the Securities and Exchange Commission (SEC). As noted above, Mr. Leibowitz as well as the other members of the Audit Committee has been determined to be independent within the meaning of SEC and NASDAQ regulations.

Audit Committee Charter. The Audit Committee performed its duties during fiscal 2006 under a written charter approved by the Board of Directors. The Audit Committee charter was filed as Exhibit A to the Company's Proxy Statement for 2004 on Form 14A filed as of August 20, 2004.

Independence of Audit Committee Members. The Company's Common Stock is listed on the NASDAQ Global Select Market and the Company is governed by the listing standards applicable thereto. All members of the Audit Committee of the Board of Directors have been determined to be independent directors pursuant to the definition contained in Rule 4200(a)(15) of the National Association of Securities Dealers Marketplace Rules and under the SEC's Rule 10A-3.

Audit Committee Report. In connection with the preparation and filing of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2006:

(1) The Audit Committee reviewed and discussed the audited financial statements with the Company's management.

(2) The Audit Committee discussed with the Company's independent registered public accounting firm the matters required to be discussed by SAS 61, as may be modified or supplemented.

(3) The Audit Committee received and reviewed the written disclosures and the letter from the Company's independent registered public accounting firm required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as may be modified or supplemented, and

Table of Contents

discussed with the Company's independent registered public accounting firm any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the 2006 Annual Report on Form 10-K.

Audit Committee Members:

Harvey Leibowitz (Chairman)
David Slackman
Edward Celano

The foregoing report of the Audit Committee is not to be deemed soliciting material or deemed to be filed with the SEC or subject to Regulation 14A of the Securities Exchange Act of 1934, except to the extent specifically requested by the Company or incorporated by reference in documents otherwise filed.

Audit Fees. The Company was billed \$491,000 for the audit of the Company's annual financial statements for the year ended September 30, 2006 and for the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q filed during fiscal 2006. Such fees included the audit of the Company's evaluation of internal controls as required by the Sarbanes-Oxley Act of 2002. The Company was billed \$564,000 for the audit of the Company's annual financial statements for the year ended September 30, 2005 and for the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q filed during fiscal 2005.

Financial Information Systems Design Implementation Fees. The Company was not billed for and did not receive any professional services described in Paragraph (c)(4)(ii) of Rule 2-01 of the SEC's Regulation S-X (in general, information technology services) from the Company's independent registered public accounting firm during the year ended September 30, 2006.

All Other Fees. The Company was not billed for any other services by Eisner LLP during fiscal year 2006.

The Audit Committee has approved the engagement of Eisner LLP as the Company's independent registered public accounting firm. The Audit Committee requires the Company's independent registered public accounting firm to advise the Audit Committee in advance of the independent registered public accounting firm's intent to provide any professional services to the Company other than services provided in connection with an audit or a review of the Company's financial statements. The Audit Committee shall approve, in advance, any non-audit services to be provided to the Company by the Company's independent registered public accounting firm.

Other Matters. No other matters were considered by the Audit Committee of the Board of Directors.

Of the time expended by the Company's independent registered public accounting firm to audit the Company's financial statements for the fiscal year ended September 30, 2006, less than 50% of such time involved work performed by persons other than the principal accountant's full-time, permanent employees.

Nominating Committee. During the fiscal year ended September 30, 2006 the Nominating Committee consisted of Edward Celano (Chairman), Louis Piccolo, and Alan Rivera. The Nominating Committee is empowered by the Board of Directors to, among other things, recommend to the Board of Directors qualified individuals to serve on the Company's Board of Directors and to identify the manner in which the Nominating Committee evaluates nominees recommended for the Board.

Nominating Committee Charter. The Board of Directors has adopted a Nominating Committee charter to govern its Nominating Committee. The Nominating Committee charter was filed as Exhibit B to the Company's Proxy Statement for 2004 on Form 14A filed as of August 20, 2004.

Independence of Nominating Committee Members. All members of the Nominating Committee of the Board of Directors have been determined to be independent directors pursuant to the definition contained in Rule 4200(a)(15) of the National Association of Securities Dealers' Marketplace rules.

Procedures for Considering Nominations Made by Shareholders. The Nominating Committee's charter and guidelines developed by the Nominating Committee describe procedures for nominations to be submitted by

Table of Contents

shareholders and other third-parties, other than candidates who have previously served on the Board of Directors or who are recommended by the Board of Directors. The guidelines state that a nomination must be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; *provided, however*, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. The public announcement of an adjournment or postponement of an annual meeting will not commence a new time period (or extend any time period) for the giving of a notice as described above. The guidelines require a nomination notice to set forth as to each person whom the proponent proposes to nominate for election as a director: (a) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (b) information that will enable the Nominating Committee to determine whether the candidate or candidates satisfy the criteria established pursuant to the charter and the guidelines for director candidates.

Qualifications. The charter and guidelines developed by the Nominating Committee describe the minimum qualifications for nominees and the qualities or skills that are necessary for directors to possess. Each nominee:

must satisfy any legal requirements applicable to members of the Board of Directors;

must have business or professional experience that will enable such nominee to provide useful input to the Board of Directors in its deliberations;

must have a reputation, in one or more of the communities serviced by Asta and its subsidiaries, for honesty and ethical conduct;

must have a working knowledge of the types of responsibilities expected of members of the board of directors of a public company; and

must have experience, either as a member of the board of directors of another public or private company or in another capacity, which demonstrates the nominee's capacity to serve in a fiduciary position.

Identification and Evaluation of Candidates for the Board. Candidates to serve on the Board of Directors will be identified from all available sources, including recommendations made by shareholders. The guidelines developed by the Nominating Committee provide that there will be no differences in the manner in which the Nominating Committee evaluates nominees recommended by shareholders and nominees recommended by the Committee or management, except that no specific process shall be mandated with respect to the nomination of any individuals who have previously served on the Board of Directors. The evaluation process for individuals other than existing Board members will include:

a review of the information provided to the Nominating Committee by the proponent;

a review of reference letters from at least two sources determined to be reputable by the Nominating Committee; and

a personal interview of the candidate,

together with a review of such other information as the Nominating Committee shall determine to be relevant.

Third Party Recommendations. In connection with the 2006 Annual Meeting, the Nominating Committee did not receive any nominations from any shareholder or group of shareholders which owned more than 5% of the Company's Common Stock for at least one year.

Table of Contents**Performance Graph**

Notwithstanding anything to the contrary set forth in any of our filings under the Securities Act of 1933, as amended, or the securities Exchange Act of 1934, as amended, that might incorporate by reference this Proxy Statement, in whole or in part, the following Performance Graph shall not be incorporated by reference into any such filings.

The following graph compares the cumulative total shareholder return on our Common Stock since September 30, 2001, with the cumulative return for the NASDAQ Stock Market (US) Index and five stocks comprising our peer group index over the same period, assuming the investment of \$100 on September 30, 2001, and the reinvestment of all dividends. We declared dividends of \$0.12 per share in fiscal 2004 of which \$0.035 was paid November 1, 2004. During the year ended September 30, 2005, we declared quarterly cash dividends aggregating \$0.16 per share, of which \$0.04 per share was paid November 1, 2005. During the year ended September 30, 2006, we declared quarterly cash dividends aggregating \$0.56 per share, of which \$0.44 per share was paid November 1, 2006. Included in the \$0.44 was a special dividend of \$0.40 per share.

**COMPARE 5-YEAR CUMULATIVE TOTAL RETURN
AMONG ASTA FUNDING, INC.,
NASDAQ MARKET INDEX AND PEER GROUP INDEX**

	2001	2002	2003	2004	2005	2006
Asta Funding, Inc.	100.00	109.93	262.88	330.34	622.80	780.78
Peer Group Index	100.00	78.59	215.47	244.66	386.89	346.79
NASDAQ Market Index	100.00	80.46	123.30	130.73	148.72	157.54