

BKF CAPITAL GROUP INC

FORM 10-K (Annual Report)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2010

or

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

For the transition period from to .

Commission file no. 1-10024

BKF Capital Group, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

36-0767530

(I.R.S. Employer Identification No.)

225 N.E. Mizner Boulevard, Suite 400 Boca Raton, Florida 33432

(Address of principal executive offices)

(561) 362-4199

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports Pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2010, was \$4,108,348. For this computation, the registrant has excluded the market value of all shares of its Common Stock reported as beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.

March 28, 2011, 7,446,593 shares of BKF Capital Group, Inc. common stock, par value \$1.00 per share, were outstanding.

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Special Note Regarding Forward-Looking Statements

Some of the statements made in this Annual Report on Form 10-K, including statements under "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," that are not historical facts, including, most importantly, those statements preceded by, followed by, or that include the words "may," "believes," "expects," "anticipates," or the negation thereof, or similar expressions constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, BKF Capital Group, Inc. (the "Company" or "BKF") claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. These forward-looking statements are based on BKF's current expectations and are susceptible to a number of risks, uncertainties and other factors including the risks described in "Item 1A. Risk Factors", and BKF's actual achievements may differ materially from any future achievements expressed or implied by such forward-looking statements. Such factors include the following: retention and ability to recruit qualified personnel; availability, terms and deployment of capital; changes in, or failure to comply with, government regulations; the costs and other effects of legal and administrative proceedings; BKF's ability to consummate a merger or an acquisition and/or raise additional capital; the effect of laws, rules and regulations on BKF's ability to make investments in new businesses and/or pursue strategic alternatives; and other risks and uncertainties referred to in this document and in BKF's other current and periodic filings with the Securities and Exchange Commission, all of which are difficult or impossible to predict accurately and many of which are beyond BKF's control. BKF will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. In addition, it is BKF's policy generally not to make any specific projections as to future earnings, and BKF does not endorse any projections regarding future performance that may be made by third parties.

PART I

Item 1. Business

OVERVIEW

BKF was incorporated in Delaware in 1954. The Company's securities trade on the over the counter market under the symbol "BKFG." During the third quarter of 2006, the Company ceased all operations, except for maintaining its status as an Exchange Act reporting company and winding down certain investment partnerships for which a wholly owned subsidiary of BKF acts as general partner. Currently, the Company is seeking to consummate an acquisition, merger or other business combination with an operating entity to enhance BKF's revenues and increase shareholder value.

The Company operates through its wholly-owned subsidiary, BKF Management Co., Inc. ("BMC") and its subsidiaries, all of which are collectively referred to herein as the "Company" or "BKF." The consolidated financial statements of BKF include its wholly-owned subsidiary BMC, BMC's wholly owned subsidiary BKF Asset Management, Inc., ("BAM") and BAM's two wholly-owned subsidiaries, LEVCO Securities, Inc. ("LEVCO Securities") and BKF GP Inc. ("BKF GP"). There were no affiliated partnerships in BKF's December 31, 2010 or December 31, 2009 consolidated financial statements.

Historically the Company operated in the investment advisory and asset management business entirely through BAM, which was a registered investment adviser with the Securities and Exchange Commission ("SEC"). BAM specialized in managing equity portfolios for institutional investors through its long-only equity and alternative investment strategies. BAM withdrew its registration as a registered investment advisor on December 19, 2006 and ceased operating in the investment advisory and asset management business. LEVCO Securities, a subsidiary of BAM, was a broker dealer registered with the SEC and a member of the National Association of Securities Dealers, Inc. (now known as the Financial Industry Regulatory Authority). LEVCO Securities withdrew its registration as a broker-dealer on November 30, 2006 and ceased operating as a broker dealer. BKF GP, Inc., the other subsidiary of BAM, acts as the managing general partner of several affiliated investment partnerships which are in the process of being finally liquidated and dissolved.

Since January 1, 2007, the Company has had no operating business and no assets under management. The Company's principal assets consist of a significant cash position, sizable net operating tax losses to potentially carry forward, its status as a publicly traded Exchange Act reporting company and a small revenue stream consisting of royalty payments from a departed portfolio manager. BKF's current revenue stream will not be sufficient to cover BKF's ongoing expenses, however the Company has enough cash to continue in operation beyond the upcoming year.

On July 22, 2008, the Company paid a \$1 per share distribution of capital to shareholders of record as of July 8, 2008. The distribution of capital was approved by the prior Board of Directors on June 24, 2008.

Prior to September 19, 2008, the Company was engaged in evaluating strategic alternatives, including merging with, acquiring or commencing a business potentially being funded by a capital raising event; or liquidating the Company and distributing a portion of the Company's remaining cash to stockholders.

On August 27, 2008, the Company entered into an agreement with Catalyst Fund, L.P. a hedge fund which owned approximately 47.5% of the Company's outstanding common stock, Steven N. Bronson, who was the fund manager for the Catalyst Fund, L.P., and each of the Company's current directors and officers to effect a change of control of the Company (the "Change of Control Agreement"). A copy of the Change of Control Agreement was attached as an Exhibit to a Current Report on Form 8-K filed by the Company on September 2, 2008. Pursuant to the Change of Control Agreement all existing officers and directors resigned and new directors and management was appointed. Specifically, effective September 19, 2008, Harvey Bazaar, Marvin Olshan, Ronald LaBow and J. Clark Gray each resigned as directors and/or officers of the Company, pursuant to the Change of Control Agreement. Simultaneously therewith, the following persons were appointed to the Board of Directors of the Company: Steven N. Bronson, John Brunjes and Leonard Hagan and Steven N. Bronson was appointed President of the Company. In connection with the change of control the Company filed and mailed out to all shareholders of record an Information Statement Pursuant to Section 14(f) of the Securities Exchange Act of 1934 and Rule 14f-1 thereunder, which is incorporated herein by reference.

The Company's current plan of operation is to arrange for a merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity. The Company shall endeavor to utilize some or all of the Company's net operating loss carryforwards in connection with a business combination transaction; however, there can be no assurance that the Company will be able to utilize any of its net operating loss carryforwards. The Company has not identified a viable operating entity for a merger, acquisition, business combination or other arrangement, and there can be no assurance that the Company will ever successfully arrange for a merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity.

Services

During the years ended December 31, 2010 and December 31, 2009, the Company did not provide any investment advisory or asset management services nor did the Company act as a broker dealer.

The Company, through BKF GP, continues to act as the managing general partner of several private investment partnerships which are in the process of being liquidated and dissolved.

Employees

As of March 28, 2011, BKF employed the services of two individuals. Steven N. Bronson serves as BKF's Chairman and President and Maria Fregosi serves as BKF's Chief Financial Officer and Senior Vice President.

Item 1A. RISK FACTORS

Potential investors should carefully consider the risks described below before making an investment decision concerning the common stock of the Company. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and investors may lose all or part of their investment.

The Company Has Limited Resources

The Company currently does not have any operating business. Except for a limited revenue stream from a fee sharing agreement with a departed portfolio manager, the Company has had no revenues from operations for the fiscal years ended December 31, 2010 and 2009. The Company's plan of operations is to consummate an acquisition or merger or other business combination (a "Transaction") with a viable business entity (a "Target"). There can be no assurance that the Company will be able to consummate a Transaction, nor can there be any assurance that any Target, at the time of the Company's consummation of a Transaction of the Target, or at any time thereafter, will derive any material revenues from its operations or operate on a profitable basis. The current assets of the Company may not be sufficient to fund a Transaction. Based on the Company's limited resources, the Company may not be able to effectuate its business plan and consummate a Transaction. There can be no assurance that determinations ultimately made by the Company will permit the Company to achieve its business objectives.

The Company May Need Additional Financing in Order to Execute Its Business Plan

The Company has limited resources. The Company cannot ascertain with any degree of certainty the capital requirements for the execution of its business plan to consummate a Transaction. In the event that the Company's limited financial resources prove to be insufficient to implement its business plan, the Company may be required to seek additional financing. In addition, in the event of the consummation of a Transaction, the Company may require additional financing to fund the operations or growth of the Target.

Additional Financing May Not Be Available to the Company

There can be no assurance that additional financing will be available to the Company on acceptable terms, or at all. To the extent that additional financing proves to be unavailable when needed, the Company would be limited in its attempts to complete Transactions. The inability of the Company to secure additional financing, if needed, could also have a material adverse effect on the continued existence of BKF. The Company has no arrangements with any bank or financial institution to secure financing and there can be no assurance that any such arrangement, if required or otherwise sought, would be available on terms deemed to be commercially acceptable and in the best interests of the Company.

The Company May Not Be Able to Borrow Funds

While there currently are no limitations on the Company's ability to borrow funds, the limited resources of the Company and limited operating history will make it difficult to borrow funds. The amount and nature of any borrowings by the Company will depend on numerous considerations, including the Company's capital requirements, the Company's perceived ability to meet debt service on any such borrowings and the then prevailing conditions in the financial markets, as well as general economic conditions. There can be no assurance that debt financing, if required or sought, would be available on terms deemed to be commercially acceptable by and in the best interests of the Company. The inability of the Company to borrow funds required to effect or facilitate a Transaction may have a material adverse effect on the Company's financial condition and future prospects. Additionally, to the extent that debt financing ultimately proves to be available, any borrowings may subject the Company to various risks traditionally associated with indebtedness, including the risks of interest rate fluctuations and insufficiency of cash flow to pay principal and interest. Furthermore, a Target may have already incurred borrowings and, therefore, the Company will be subjected to all the risks inherent thereto.

Competition for Transactions

The Company expects to encounter intense competition from other entities having business objectives similar to those of the Company. Many of these entities, including venture capital partnerships and corporations, blind pool companies, large industrial and financial institutions, small business investment companies and wealthy individuals, are well-established and have extensive experience in connection with identifying and effecting Transactions directly or through affiliates. Many of these competitors possess greater financial, technical, human and other resources than the Company and there can be no assurance that the Company will have the ability to compete successfully. The Company's financial resources will be limited in comparison to those of many of its competitors. This inherent competitive limitation may compel the Company to select certain less attractive acquisition prospects. There can be no assurance that such prospects will permit the Company to achieve its stated business objectives.

The Company May Be Subject to Uncertainty in the Competitive Environment of a Target

In the event that the Company succeeds in effecting a Transaction, the Company will, in all likelihood, become subject to intense competition from competitors of the Target. In particular, certain industries which experience rapid growth frequently attract an increasingly large number of competitors, including competitors with greater financial, marketing, technical, human and other resources than the initial competitors in the industry. The degree of competition characterizing the industry of any prospective Target cannot presently be ascertained. There can be no assurance that, subsequent to a consummation of a Transaction, the Company will have the resources to compete effectively in the industry of the Target, especially to the extent that the Target is in a high growth industry.

Transaction May Prevent or Limit the Company's Ability to Use Its Net Operating Tax Loss Carryforwards

As of December 31, 2010 the Company had a net operating loss carryforward of approximately \$10.4 million. The consummation of a Transaction by the Company may limit, reduce or void the utilization of the net operating losses. While the Company shall endeavor to complete a Transaction with a Target that will permit the Company to utilize its net operating losses, there can be no assurances that the Company will be able to utilize its net operating losses after the consummation of a Transaction with a Target.

Taxation Considerations May Impact the Structure of a Transaction and Post-Closing Liabilities

Federal and state tax consequences will, in all likelihood, be major considerations for the Company in consummating a Transaction. The structure of a Transaction or the distribution of securities to stockholders may result in taxation of the Company, the Target or stockholders. Typically, these transactions may be structured to result in tax-free treatment to both companies, pursuant to various federal and state tax provisions. The Company intends to structure any Transaction so as to minimize the federal and state tax consequences to both the Company and the Target. Management cannot assure that a Transaction will meet the statutory requirements for a tax-free reorganization, or that the parties will obtain the intended tax-free treatment upon a transfer of stock or assets. A non-qualifying reorganization could result in the imposition of both federal and state taxes, which may have an adverse effect on both parties to the transaction.

Bank Account Balances in Excess of FDIC Insurance

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 per depositor. This limit is anticipated to return to \$100,000 after December 31, 2013. Additionally, under the FDIC's Temporary Liquidity Guarantee Program, amounts held in non-interest bearing transaction accounts at participating institutions are fully guaranteed by the FDIC through December 31, 2013. The Company had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. As of December 31, 2010 and 2009, the Company had \$4,581,571 and \$1,370,858, respectively, in its Bank of America bank accounts. Accordingly, the Company does not have FDIC insurance for any amounts held at Bank of America in excess of \$250,000. As of December 31, 2010 and 2009, the Company had \$3,506,203 and \$0, respectively, in its JP Morgan Chase bank accounts. Accordingly, the Company does not have FDIC insurance for any amounts held at JP Morgan Chase in excess of \$250,000.

Steven N. Bronson is Critical to the Future Success of the Company

Steven N. Bronson is the Chairman and President of the Company. The ability of the Company to successfully carry out its business plan and to consummate a Transaction will be dependent upon the efforts of Mr. Bronson and the Company's directors. Notwithstanding the significance of Mr. Bronson, the Company has not obtained any "key man" life insurance on his life. The loss of the services of Mr. Bronson could have a material adverse effect on the Company's ability to successfully achieve its business objectives. If additional personnel are required, there can be no assurance that the Company will be able to retain such necessary additional personnel.

Mr. Bronson Has Effective Control of the Company's Affairs

As of March 28, 2011, Mr. Bronson beneficially owns and controls 3,333,269 shares of common stock of the Company, representing approximately 42% of the issued and outstanding shares of common stock and approximately 42% of the voting power of the issued and outstanding shares of common stock of the Company. In the election of directors, stockholders are not entitled to cumulate their votes for nominees. Accordingly, as a practical matter, Mr. Bronson may be able to elect all of the Company's directors and otherwise direct the affairs of the Company.

There Exist Conflicts of Interest

Relating to Mr. Bronson's Commitment to the Company

Mr. Bronson is not required to commit his full time to the affairs of the Company. Mr. Bronson will have conflicts of interest in allocating management time among various business activities. Additionally, Mr. Bronson is the president, director and principal shareholder of two publicly traded companies, 4net Software, Inc. and Ridgefield Acquisition Corp. that are also engaged in seeking to consummate a merger, acquisition or other business combination transaction. As a result, the consummation of an Acquisition may require a greater period of time than if Mr. Bronson devoted his full time to the Company's affairs. However, Mr. Bronson will devote such time as he deems reasonably necessary to carry out the business and affairs of the Company, including the evaluation of potential Targets and the negotiation and consummation of Acquisitions and, as a result, the amount of time devoted to the business and affairs of the Company may vary significantly depending upon, among other things, whether the Company has identified a Target or is engaged in active negotiation and consummation of an Acquisition.

Indemnification of Officers and Directors

The Company's Certificate of Incorporation provides for the Indemnification of its officers and directors to the fullest extent permitted by the laws of the State of Delaware. It is possible that the indemnification obligations imposed under these provisions could result in a charge against the Company's earnings and thereby affect the availability of funds for other uses by the Company.

Stockholders Risk Dilution In Connection with a Transaction

The Company's Certificate of Incorporation authorizes the issuance of 15,000,000 shares of common stock. As of March 28, 2011, the Company had 7,973,216 shares of common stock issued and 7,446,593 shares outstanding and 7,026,784 authorized but unissued shares of common stock available for issuance. The Company has no commitments as of this date to issue its securities, however, the Company will, in all likelihood, issue a substantial number of additional shares in connection with or following a Transaction. To the extent that additional shares of common stock are issued, the Company's stockholders would experience dilution of their ownership interests in the Company. Additionally, if the Company issues a substantial number of shares of common stock in connection with or following a Transaction, a change in control of the Company may occur which may affect, among other things, the Company's ability to utilize net operating loss carry-forwards, if any. Furthermore, the issuance of a substantial number of shares of common stock may adversely affect prevailing market prices, if any, for the common stock and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company may use consultants and other third parties providing goods and services. These consultants or third parties may be paid in cash, stock, options or other securities of the Company. The Company may in the future need to raise additional funds by selling securities of the Company which may involve substantial additional dilution to the investors.

The Company May Be Deemed an Investment Company and Subjected to Related Restrictions

The regulatory scope of the Investment Company Act of 1940, as amended (the "Investment Company Act"), which was enacted principally for the purpose of regulating vehicles for pooled investments in securities, extends generally to companies engaged primarily in the business of investing, reinvesting, owning, holding or trading in securities. The Investment Company Act may, however, also be deemed to be applicable to a company which does not intend to be characterized as an investment company but which, nevertheless, engages in activities which may be deemed to be within the definitional scope of certain provisions of the Investment Company Act. The Company believes that its investment strategy may subject the Company to regulation under the Investment Company Act. If the Company is deemed to be an investment company, the Company may be forced to divest its investments or become subject to certain restrictions relating to the Company's activities, including restrictions on the nature of its investments and the issuance of securities. In addition, the Investment Company Act imposes certain requirements on companies deemed to be within its regulatory scope, including registration as an investment company, adoption of a specific form of corporate structure and compliance with certain burdensome reporting, record keeping, voting, proxy, disclosure and other rules and regulations. In the event of the characterization of the Company as an investment company, the failure by the Company to satisfy such regulatory requirements, whether on a timely basis or at all, would, under certain circumstances, have a material adverse effect on the Company.

Investors Should Not Rely on Forward-Looking Statements Because They Are Inherently Uncertain

This document contains certain forward looking statements that involve risks and uncertainties. We use words such as "anticipate," "believe," "expect," "future," "intend," "plan," and similar expressions to identify forward-looking statements. These statements are only predictions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this document. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us and described on the preceding pages and elsewhere in this document.

We believe it is important to communicate our expectations to our investors. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors listed above, as well as any cautionary language in this document, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this document could have a material adverse effect on our business, operating results, financial condition and stock price.

Item 2. Properties

During the year ended December 31, 2010, BKF's offices were located at 225 N.E. Mizner Boulevard, Suite 400, Boca Raton, Florida 33432 (the "Premises"). The Company occupied the Premises, which is approximately 2,418 square feet, pursuant to an Agreement of Sublease, dated as of March 1, 2010 (the "Sublease"), by and between the Company and Lion Gables Realty Limited Partnership, a Delaware limited partnership. The Sublease is for a term of 5 years from March 1, 2010 through February 28, 2015 and The Company shall pay a monthly base rent of \$5,038 throughout the Sublease term, plus certain additional rent. The monthly base rent includes all operating expenses and real estate taxes. A copy of the form Sublease for the Premises is attached to BKF's Current Report on Form 8-K, filed on March 8, 2010, as Exhibit 10.38.

During the period January 1, 2009 through February 28, 2010, BKF's offices were located at 1 North Federal Highway, Suite 201, Boca Raton, Florida 33421. On February 28, 2010 the Company terminated the lease agreement without additional consideration.

One Rockefeller Plaza Leases

Prior to December 31, 2008, BKF maintained its office at One Rockefeller Plaza, New York, New York.

In September 2001, BKF entered into a 10 year lease agreement with RCPI Landmark Properties, LLC under which they agreed to lease several floors of a building located at One Rockefeller Plaza in New York City. Subsequent to that agreement, the Company determined that they did not need all of the space and surrendered some of the space back to the landlord and sublet other portions.

During 2003, BKF surrendered approximately 20,000 square feet of office space back to the landlord and agreed to pay the landlord monthly payments through September 2011 (the end date of the original lease). The present value of the remaining payments was recorded as a lease liability.

During 2006, BKF vacated additional office space under the lease and subleased this space to another company. The sublease was executed at a rate which was below the rate of the existing primary lease obligation. As a result, the Company recorded additional lease reserves to account for the lease obligation, less sublease payments expected.

In 2007, the Company surrendered additional office space back to the landlord and in connection therewith the Company paid an early termination surrender fee of approximately \$262,000 to the landlord.

On November 30, 2008, the Company's lease for approximately 7,000 square feet at One Rockefeller Plaza ended in accordance with its terms and BKF surrendered the office space to the landlord.

The lease liabilities were reduced as monthly rent payments were made to the landlord, net of any sublease income received.

Effective December 31, 2010, the Company terminated the lease with the landlord. In connection with the early termination, the Company agreed to pay a sum of \$1,139,049 which represented the present value of the aggregate net rent due under the lease. As a result of the early termination, the Company recorded a gain on settlement of approximately \$371,000. The Company previously disclosed the early termination of the One Rockefeller Plaza lease in a Current Report on Form 8-K, which was filed on March 3, 2011, which is incorporated herein by reference.

Item 3. Legal Proceedings

The Company is a defendant in a lawsuit for claims for alleged services in the amount of approximately \$600,000. The complaint was filed in the New York State Supreme Court, New York County and is entitled: Merrill, Lynch, Pierce, Fenner & Smith, Inc. v. BKF Asset Management, Inc. and assigned Index No. 602069/07. In the action Merrill Lynch alleges a claim for unjust enrichment against BAM based on a soft dollar arrangement. On or about February 28, 2010, the Company completed a settlement of the ML Action through the payment of \$30,000 to the plaintiff. In connection with the settlement of the ML Action, BKF expressly denied any liability and determined to settle the ML Action in an effort to avoid the further expense, disruption, aggravation and risk of continuing the ML Action.

The Company is a defendant in a lawsuit for claims for alleged services in the amount of approximately \$171,000. The complaint was filed in the New York State Supreme Court, New York County and is entitled: Thomson Financial, LLC v. BKF Asset Management, Inc. and assigned Index No. 601390/09. In the action Thomson Financial alleges a claim for breach of contract against BAM for alleged goods and services delivered to BAM. The Company is vigorously defending this action. The Company has not recorded a liability reserve because the Company does not believe it will be held liable in the action.

The Company's management is unaware of any other material existing or pending legal proceedings or claims against the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of BKF's security holders during the fiscal year ended December 31, 2010.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities

(a) MARKET INFORMATION. BKF's common stock trades over the counter under the symbol "BKFG." At the close of business on March 28, 2010, there were 418 holders of record of BKF's common stock. As of March 28, 2011, the bid and ask price of the Company's common stock was \$1.07 and \$1.07, respectively.

The following table sets forth the range of high and low prices for the Company's common stock for the periods indicated. These prices represent reported transactions between dealers that do not include retail markups, markdowns or commissions, and do not necessarily represent actual transactions.

Stock Price Ranges

COMMON STOCK

Year/Fiscal Period -----	High -----	Low -----
2010		
Fourth Quarter	\$1.25	\$1.05
Third Quarter	\$1.11	\$0.85
Second Quarter	\$0.97	\$0.92
First Quarter	\$1.13	\$0.85
2009		
Fourth quarter	\$1.30	\$0.93
Third quarter	\$1.22	\$0.85
Second quarter	\$1.05	\$0.95
First quarter	\$1.13	\$0.85

There were no distributions or dividends declared or paid in 2010 or 2009. The declaration and payment of distributions or dividends by BKF is at the discretion of BKF's Board of Directors. BKF is a holding company, and its ability to pay dividends is subject to the ability of its subsidiaries to provide cash to BKF. BKF has discontinued its policy of paying quarterly cash dividends and does not expect to pay dividends in the foreseeable future.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Currently, the Company has no business operations, except for maintaining its status as an Exchange Act reporting company and winding down certain investment partnerships for which BKF acts as general partner. The Company is seeking to consummate an acquisition, merger or other business combination with an operating entity to enhance BKF's revenues and increase shareholder value.

Current Plan of Operations

The Company has no operating business and no assets under management at December 31, 2010. The Company's principal assets consist of a significant cash position, sizable net operating tax losses to potentially carry forward, its status as an Exchange Act reporting company and a small revenue stream consisting of royalty payments from a departed portfolio manager. BKF's current revenue stream will not be sufficient to cover current expenses, however the Company has enough cash to cover operations for the upcoming year.

The Company's current plan of operation is to arrange for a merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity. The Company shall endeavor to utilize some or all of the Company's net operating loss carryforwards in connection with a business combination transaction; however, there can be no assurance that the Company will be able to utilize any of its net operating loss carryforwards. The Company has not identified a viable operating entity for a merger, acquisition, business combination or other arrangement, and there can be no assurance that the Company will ever successfully arrange for a merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity.

The Company anticipates that the selection of a business opportunity will be a complex process and will involve a number of risks, because potentially available business opportunities may occur in many different industries and may be in various stages of development. Due in part to depressed economic conditions in a number of geographic areas and shortages of available capital, management believes that there are numerous firms seeking either the additional capital which the Company has or the benefits of a publicly traded corporation, or both. The perceived benefits of a publicly traded corporation may include facilitating or improving the terms upon which additional equity financing may be sought, providing liquidity for principal shareholders, creating a means for providing incentive stock options or similar benefits to key employees, providing liquidity for all shareholders and other factors.

In some cases, management of the Company will have the authority to effect acquisitions without submitting the proposal to the shareholders for their consideration. In some instances, however, the proposed participation in a business opportunity may be submitted to the shareholders for their consideration, either voluntarily by the Board of Directors to seek the shareholders' advice and consent, or because of a requirement of State law to do so.

In seeking to arrange a merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity, the Company's objective will be to obtain long-term capital appreciation for the Company's shareholders. There can be no assurance that the Company will be able to complete any merger, acquisition, business combination or other arrangement by and between the Company and a viable operating entity.

The Company may need additional funds in order to effectuate a merger, acquisition or other arrangement by and between the Company and a viable operating entity, although there is no assurance that the Company will be able to obtain such additional funds, if needed. Even if the Company is able to obtain additional funds there is no assurance that the Company will be able to effectuate a merger, acquisition or other arrangement by and between the Company and a viable operating entity.

BKF, through a subsidiary, acts as the managing general partner of a number of investment partnerships which are in the process of being liquidated and dissolved.

During the period July 2, 2009 through July 13, 2009, the Company acquired a total of 500,000 shares of FCStone Group, Inc. ("FCStone") common stock in open market transactions at an average price of approximately \$3.97 per share or an aggregate amount of approximately \$1,985,000. On July 31, 2009 the Company sold 10,847 common shares of FCStone at \$5.62 or \$60,848. On October 1, 2009, the previously announced merger between International Assets Holding Corporation ("IAAC") and FCStone Group, Inc. ("FCStone") was completed and each outstanding share of FCStone was exchanged for .2950 shares of IAAC. Accordingly, on October 1, 2009 the Company received 144,300 shares of IAAC in exchange for its 489,153 shares of FCStone. At December 31, 2010 the Company held 13,500 of IAAC common shares valued at approximately \$318,600.

On December 17, 2010, the registrant purchased 1,500,000 shares of Qualstar Corporation ("Qualstar") common stock in a privately negotiated transaction at the price of \$1.55 per share or the total aggregate amount of \$2,325,000. Qualstar is a diversified electronics manufacturer specializing in data storage, power supplies and computer pointing devices. Qualstar's products are known throughout the world for high quality and Simply Reliable designs that provide years of trouble-free service. The securities of Qualstar are traded on NASDAQ under the symbol "QBAK." The registrant purchased the Qualstar shares from Richard A. Nelson and Kathleen R. Nelson as Co-Trustees of the Nelson Family Trust U/A DTD 01/19/2000. Richard A. Nelson is an officer and director of Qualstar. Following the acquisition, the registrant is the owner of approximately 12.2% of issued and outstanding shares of Qualstar. The Company previously disclosed its acquisition of shares of Qualstar in Current Report on Form 8-K filed on December 23, 2010.

BKF Share Repurchase Plan

On June 30, 2009 the Board of Directors of the Company approved a share repurchase plan (the "2009 Repurchase Plan"), authorizing the Company to repurchase in the aggregate up to 1 million shares of its outstanding common stock, \$1 par value, over the twelve month period July 7, 2009 through July 6, 2010. The Company did not repurchase any shares under the 2009 Repurchase Plan.

On July 19, 2010 the Board of Directors of the Company approved a share Repurchase plan, authorizing the Company to repurchase in the aggregate up to 1 million shares of its outstanding common stock, \$1 par value, over the twelve month period July 19, 2009 through July 18, 2010 (the "2010 Repurchase Plan"). As of December 31, 2010, the Company had repurchased an aggregate amount 526,623 shares of the Company's common stock as follows: 40,000 shares at an average price of \$.94 per share; 156,983 shares at an average price of \$1.10; 90,000 shares at an average price of \$1.15 and 239,640 shares at an average price of \$1.18.

Results of Operations

Income

Total income for 2010 was 1.4 million, reflecting an increase of 66% from \$836,000 in 2009. The increase in income was a result of realized gains from investments, gain on settlement of lease which we note was accompanied by a decrease in trailer fees due to the Company pursuant to the trailer fees service agreement which expired on September 30, 2010.

Expenses

Total expenses for 2010 were \$776,000, reflecting a 23% decrease from \$1 million in 2009. The decrease is a direct result of the reduction of expenses and long term commitments, including staffing costs.

Liquidity

At December 31, 2010, BKF had cash and cash equivalents of \$9.7 million, as compared to cash and cash equivalents of \$11.8 million at December 31, 2009. BKF Capital had receivables of \$222,000 at December 31, 2010, as compared to \$237,000 at December 31, 2009. This decrease in cash and cash equivalents and receivables primarily reflects the overall reduction in the business as described.

Accrued expenses were \$73,000 at December 31, 2010, as compared to \$208,000 at December 31, 2009. This increase is primarily attributable to the \$1.1 million paid for the early termination of the One Rockefeller Plaza lease.

Over the next twelve months the Company plans to meet its current obligations from interest on its cash, to the extent such interest earned is insufficient to pay expenses, the Company shall utilize its cash on hand to meet its obligations.

Off Balance Sheet Risk

BKF GP served as the managing general partner for several affiliated investment partnerships which traded primarily in equity securities. As of December 31, 2010 and 2009 virtually all of these partnerships' investments have been fully liquidated and the proceeds distributed. There is no general partner or limited partners' capital remaining in these partnerships unless certain illiquid portfolio positions eventually realize a value. BKF GP has not guaranteed any of the affiliated investment partnerships' obligations, nor does it have any contractual commitments associated with them.

Item 8. Financial Statements and Supplemental Data

The independent auditor's reports and financial statements listed in the accompanying index are included in Item 15 of this Annual Report on Form 10-K. See Index to Financial Statements on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our principal executive officer to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, the Company recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired control objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Evaluation of disclosure and controls and procedures

Based on his evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report on Form 10-K the Company's principle executive officer has concluded that the Company's disclosure controls and procedures did operate in an effective manner as of December 31, 2010.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Internal control over financial reporting is defined, under the Exchange Act, as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- o Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
- o Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
- o Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

The Company's principal executive officer has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, the Company's principal executive officer was guided by the releases issued by the SEC and to the extent applicable the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's principal executive officer has concluded that based on his assessment, as of December 31, 2010, the Company's procedures of internal control over financial reporting operated in an effective manner.

Readers are cautioned that internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even effective internal control over financial reporting can only provide reasonable assurance with respect to the financial statement preparation and presentation.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the names, ages and positions of our current directors, executive officers and other key employees as of March 23, 2010. Our directors are elected annually and serve until the next annual meeting of shareholders and until their successors are elected and appointed. Our executive officers serve until the election and qualification of their successors or until their death, resignation or removal by our board of directors. There were five meetings of the board of directors during 2009.

DIRECTORS		
Name, Age, and Principal Occupation During the Last Five Years -----	Director Since -----	Other Business Affiliation(s) -----
Steven N. Bronson -- age 45 President and Chairman of BKF since September 19, 2008. Mr. Bronson is the President of Catalyst Financial LLC, a privately held securities brokerage and investment banking firm registered with the U.S. Securities and Exchange Commission. Mr. Bronson has held that position since 1998. Mr. Bronson is also the chairman, president and majority shareholder of Ridgefield Acquisition Corp. and 4net Software, Inc. both publicly traded companies.	2008	Officer and director of 4net Software, Inc., a publicly traded corporation and Ridgefield Acquisition Corp., a publicly traded corporation.
Leonard Hagan -- age 59 Director of BKF since September 19, 2008. Mr. Hagan is a certified public accountant and for the past fifteen years has been a partner at Hagan & Burns CPA's, PC in New York. Mr. Hagan received a Bachelors of Arts degree in Economics from Ithaca College in 1974 and earned his Masters of Business Administration degree from Cornell University in 1976. Mr. Hagan is registered as the Financial and Operations Principal for the following broker-dealers registered with the Securities and Exchange Commission: Alton Securities, Inc.; Fieldstone Services Corp.; Livingston Securities, LLC; HFG Healthco Securities LLC and Danske Markets, Inc. Mr. Hagan is also a director of Ridgefield Acquisition Corp. and 4net Software, Inc. both publicly traded companies.	2008	Director of 4net Software, Inc., a publicly traded corporation and Ridgefield Acquisition Corp., a publicly traded corporation.

OFFICERS		
Name, Age and Principal Occupation During the Last Five Years -----	Office -----	Executive Officer Since -----
Steven N. Bronson -- age 45 President and Chairman of BKF since September 19, 2008. Mr. Bronson the President of Catalyst Financial LLC, a privately held securities brokerage and investment banking firm registered with the U.S. Securities and Exchange Commission. Mr. Bronson has held that position since 1998. Mr. Bronson is also the chairman, president and majority shareholder of Ridgefield Acquisition Corp. and 4net Software, Inc. both publicly traded companies.	Chairman and President	2008

No director, executive officer, promoter or control person of the Company has, within the last five years: (i) had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (ii) been convicted in a criminal proceeding or is currently subject to a pending criminal proceeding (excluding traffic violations or similar misdemeanors); (iii) been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (iv) been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated. There are no family relationships among any directors and executive officers of the Company.

Corporate Governance

Audit Committee

The current member of the audit committee is Leonard Hagan. There were no meetings of the audit committee during 2009.

Pursuant to the audit committee's written charter. The Audit Committee's responsibilities include, among other things:

- o reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommending to the board whether the audited financial statements should be included in our Form 10-K;
- o discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- o discussing with management and the independent auditor the effect on our financial statements of (i) regulatory and accounting initiatives and (ii) off-balance sheet structures;
- o discussing with management major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies;
- o reviewing disclosures made to the audit committee by our chief executive officer and chief financial officer during their certification process for our Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in our internal controls;
- o verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;

- o reviewing and approving all related-party transactions;
- o inquiring and discussing with management our compliance with applicable laws and regulations;
- o Pre-approving all auditing services and permitted non-audit services to be performed by our independent auditor, including the fees and terms of the services to be performed;
- o appointing or replacing the independent auditor;
- o determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work; and
- o establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies.

Financial Expert on Audit Committee

Our board of directors has determined that Mr. Hagan is our "audit committee financial expert" (as defined in Regulation 240.401(h)(1)(i)(A) of Regulation S-K).

Code of Ethics

The Board of Directors has adopted a Code of Ethics for the Chief Executive Officer, Chief Financial Officer and certain other personnel. A copy of the Company's Code of Ethics is attached as Exhibit 14.1 to BKF's Annual Report on Form 10-K for the year ended December 31, 2007.

Section 16(a) Beneficial Ownership Reporting Compliance

Each director and executive officer of the Company and each beneficial owner of 10% or more of the Company's common stock is required to report his or her transactions in shares of the Company's common stock to the SEC within a specified period following a transaction. Based on our review of filings with the SEC and written representations furnished to us during 2009, the directors, executive officers and 10% beneficial owners filed all such reports within the specified time period.

ITEM 11. EXECUTIVE COMPENSATION.**Executive Officer Compensation**

The following table sets forth the compensation for the years ended December 31, 2010, December 31, 2009 and December 31, 2008 received by the Company's Chief Executive Officer and the two most highly compensated other officers serving at the end of fiscal year 2010 (the "Named Executive Officers"). The table also includes the former officers who were not serving as officers on December 31, 2010.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Year	Salary (\$) -----	Bonus (\$) -----	Other Annual Compensation(1) -----	Restricted Stock Award(\$) -----	Shares Granted Under Option -----	Options Value(\$)(2) -----	All Other Compensation -----
Steven N. Bronson	2010	150,000	0	0	0	0	0	0
Chairman and	2009	150,000	0	0	0	0	0	0
President	2008	37,500	0	0	0	0	0	0
Former								
Harvey J. Bazaar(3)	2008	187,500	0	0	0	0	0	0
Chief Executive Officer and President								
J. Clarke Gray(4)	2008	169,307	0	0	0	0	0	0
Senior Vice President and Chief Financial Officer								
Marvin Olshan(3)	2008	187,500	0	0	0	0	0	0
Chairman								

(1) With respect to each of the Named Executive Officers and the Former Executive Officers, perquisites and other personal benefits did not exceed the lesser of \$50,000 or 10% of the total of annual salary and bonus except as noted.

(2) Represents the estimated aggregate fair market value on the grant date in accordance with the ASC Topic 718.

(3) Mr. Olshan and Mr. Bazaar were appointed Chairman and CEO, respectively, as of January 2, 2007 and signed term agreements with the Company as of November 12, 2007. Previous to 2007 their only compensation was director fees. Effective September 19, 2008, Mr. Olshan and Mr. Bazaar resigned all of their positions with the Company.

(4) Mr. Gray was appointed CFO of the Company and BKF Asset Management Inc. effective January 25, 2006. His separation agreement became effective as of June 30, 2007. Under the terms of his employment and separation agreement, he received one year's annual salary and minimum bonus totaling \$400,000 through June 30, 2007 and received \$243,329 in consulting fees from July 1, 2007 to December 31, 2007. Mr. Gray and the Company executed an agreement dated March 5, 2008 which compensated him approximately \$150,000 per annum to continue as the Company's CFO. Effective September 19, 2008, Mr. Gray resigned all of his positions with the Company.

Outstanding Equity Awards at December 31, 2010

As of December 31, 2010, there are no outstanding option grants.

Option/SAR Grants in Last Fiscal Year

The following table contains certain information regarding grants of stock options to Named Executive Officers during the year ended December 31, 2010. The stock options listed below were granted without tandem stock appreciation rights. We have no freestanding stock appreciation rights outstanding.

Name	Number of Securities Underlying Options/SARs Granted (#)	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date
Steven N. Bronson	0	0	--	--
Harvey Bazaar	0	0	--	--
Marvin Olshan	0	0	--	--
J. Clark Gray	0	0	--	--

Other Plans

Other than the BKF Capital Group, Inc. 1998 Incentive Compensation Plan, as Amended and Restated on March 28, 2001 (the "1998 Plan"), the Company does not have any other bonus, profit sharing, pension, retirement, stock option, stock purchase, or other remuneration or incentive plans in effect.

Long Term Incentive Plan

The Company has no long-term incentive plan.

Aggregate Option Exercises in Fiscal 10 and Fiscal 09 Option Values

The following table contains certain information regarding stock options exercised during and options to purchase common stock held as of December 31, 2010, by each of the Named Executive Officers.

Name/ Position -----	Number Of Shares Acquired On Exercise -----	Value Realized -----	Number of Securities Underlying Unexercised Options at Fiscal Year End Exercised/Unexercised -----	Value of Unexercised In-the-Money Options at Fiscal Year End Exercised/Unexercised -----
Steven N. Bronson Chairman and President	0	0	0	\$0

Agreements with Employees and Directors

Described below are the employees, officers and directors who are subject to a current employment contract as of December 31, 2010.

Agreements with Steven N. Bronson

On October 1, 2008, the Company entered into an employment agreement with Steven N. Bronson to serve as the Company's President at an annual salary of \$150,000. A copy of the employment agreement between BKF Capital Group, Inc. and Steven N. Bronson, dated as of October 1, 2008, is attached as Exhibit 10.35 of the Company's Current Report on Form 8-K filed on October 14, 2008.

Compensation Committee Interlocks and Insider Participation

During 2010, Leonard Hagan was the only member of the Compensation Committee. Mr. Hagan also serves as BKF's corporate secretary, but he is not compensated for serving in that position.

Directors' Compensation

Company employees who serve as directors of the Company receive no compensation for such services. Non-employee directors currently receive approximately \$10,000 per year in cash compensation, paid quarterly for service on the board. Non-employee directors currently also receive \$1,000 per year in cash compensation, paid quarterly for service on each committee. Prior to September 19, 2008, non-employee directors received approximately \$34,000 per year in cash compensation. In addition, directors received \$500 for each meeting of a committee of the board that they attend in person or by telephone. The Company also reimburses directors for their out-of-pocket expenses incurred in connection with such meetings.

2010 DIRECTOR COMPENSATION

Current -----	Fees* Paid in Cash -----
Steven N. Bronson Leonard Hagan -----	(1) \$ 12,000

* Fees include director and committee fees earned during fiscal 2009.

(1) Mr. Bronson has a compensation agreement with the Company and thus did not receive separate director fees.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The table below sets forth the beneficial ownership as of December 31, 2009 of (1) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock, (2) each director and nominee for director of the Company, (3) each executive officer of the Company whose name appears on the summary compensation table (the "Named Executive Officers") and (4) all directors and executive officers of the Company as a group. Each person had sole or shared voting or dispositive powers with respect to such shares.

Name of Beneficial Owner -----	Number of Shares (1) -----	Percent of Class -----
Steven N. Bronson c/o BKF Capital Group, Inc. 225 N.E. Mizner Boulevard, Suite 400 Boca Raton, Florida 33432	3,333,269	42 %
Aegis Financial Corp. 1100 North Globe Road, Suite 1040 Arlington, VA 22201	427,100 (2)	5.4 %
Leonard Hagan c/o BKF Capital Group, Inc. 225 N.E. Mizner Boulevard, Suite 400 Boca Raton, Florida 33432	222,368 (3)	2.8 %
Directors and executive officers as a group (2 persons)	3,555,637	44.6 %

* Less than 1%

(1) As used in this table, a beneficial owner of a security includes any person who, directly or indirectly, through contract, arrangement, understanding, relationship or otherwise has or shares (a) the power to vote, or direct the voting of, such security or (b) investment power which includes the power to dispose, or to direct the disposition of, such security. In addition, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days.

(2) The information set forth is based solely on Schedule 13G filed with the SEC on February 12, 2010.

(3) These shares do not include 5,600 shares of BKF owned by Mr. Hagan's son.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Since January 1, 2009, the Company has licensed a portion of its office Space to three companies affiliated with Steven N. Bronson who is BKF's Chairman And President. Specifically, BKF licensed offices space and use of facilities to Catalyst Financial, LLC, 4net Software, Inc. and Ridgefield Acquisition Corp. (collectively the "Licensees") for monthly fees of, \$500, \$100 and \$100, respectively. Each of the licenses are on a month to month basis. Steven N. Bronson is the owner and principal of Catalyst Financial LLC ("Catalyst Financial"), a full service securities brokerage, investment banking and consulting firm. Mr. Bronson is also the President and majority shareholder of 4net Software, Inc. and Ridgefield Acquisition Corp., both publicly traded companies.

Subsequent Event

Effective March 1, 2011, the Company modified the License Agreement for Catalyst Financial. Specifically, Catalyst Financial agreed to take more space at the Company's Offices and the montly license fee paid by Catalyst to the Company, increased to \$2,500 per month or \$30,000 per year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees.

Mark Bailey and Company, Ltd. received \$30,000 for the year ended December 31, 2010 for professional services rendered in connection with the audit of the Company's annual financial statements, and a review of the financial statements included in the Company's quarterly reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010.

No audit-related services were rendered with respect to the fiscal years ended December 31, 2010 and December 31, 2009 by Mark Bailey & Company, Ltd.

Tax Fees

None.

All Other Fees

No other fees were paid to Mark Bailey and Company, Ltd. during the fiscal years ended December 31, 2010 and December 31, 2009.

Pre-Approval Procedures

The Audit Committee has adopted the following guidelines regarding the engagement of the Company's independent registered public accounting firm to perform services for the Company. Prior to the commencement of the audit services, the Audit Committee shall approve the terms of the engagement letter that outlines the scope of the audit services proposed to be performed by the Company's independent registered public accounting firm during the fiscal year. Non-audit services will also require pre-approval from the Audit Committee. Tax preparation and review work has been approved based on the terms included in the engagement letter that also outlines the scope of the audit services. No other non-audit work has been approved by the Audit Committee. Any such approval would require approval of the specific engagement, including the projected fees, at a regularly scheduled or special Audit Committee meeting or through a written consent.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements

The financial statements of BKF Capital Group, Inc. and Subsidiaries are filed as part of this report under Item 8-Financial Statements and Supplementary Data.

(3) Exhibits

Exhibit Number -----		Description -----
3.1	--	Restated Certificate of Incorporation of Registrant, as amended (incorporated by reference Exhibit 3.1 to Registrant's Quarterly Reports on Form 10-Q for the periods ended June 30, 2000 June 30, 2001 and the December 31, 2005 10K.
3.2	--	Amended and Restated Bylaws of Registrant dated March 5, 2008
4.1	--	Specimen of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Registrant's Annual Report on Form 10-K/A for the period ended December 31, 2000).
10.1	--	Amendment to Lease dated October 10, 2003 between Rockefeller Center Properties and John A. Levin, Inc. (incorporated by reference to Exhibit 10.1 of Registrant's Annual Report on Form 10-K/A for the period ended December 31, 2003).
10.2	--	Lease dated December 20, 1993 between Rockefeller Center Properties and John A. Levin & Co., Inc., as amended (incorporated by reference to Exhibit 10.1 of Registrant's Annual Report on Form 10-K/A for the period ended December 31, 2000, Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2001, and Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001).

Exhibit Number -----	Description -----
10.3	-- Lease dated September 25, 2002 between River Bend Executive Center, Inc. and Levin Management Co., Inc. (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2002).
10.4	-- Registrant's 1998 Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2001).
10.5	-- Registrant's Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2000).
10.6	-- Form of Stock Option Award Agreement (incorporated by reference to Exhibit 10.5 to Registrant's Annual Report on Form 10-K/A for the period ended December 31, 2001).
10.7	-- Form of Deferred Stock Award Agreement (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-8 filed with the Commission on November 17, 2000).
10.8	-- Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2005).
10.9	-- Letter Agreement between BKF and Levin Management Co., Inc. and each of Henry Levin and Frank Rango dated April 19, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated April 22, 2005).
10.10	-- Change in Control Agreement between BKF, Levin Management Co., Inc. and Glenn A. Aigen dated June 1, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated June 6, 2005).
10.11	-- Change in Control Agreement between BKF, Levin Management Co., Inc. and Norris Nissim dated June 1, 2005 (incorporated by reference to Exhibit 10.2 of Registrant's Report on Form 8-K dated June 6, 2005).
10.12	-- Retention Agreement between BKF, Levin Management Co., Inc. and Philip Friedman dated August 11, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated August 16, 2005).
10.13	-- First Amendment to Retention Agreement between BKF and Philip Friedman dated November 15, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated November 16, 2005).
10.14	-- Transition/Separation Agreement between BKF and John A. Levin dated as of August 23, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated August 24, 2005).

Exhibit Number -----	Description -----
10.15 --	First Amendment to Transition/Separation Agreement between BKF and John A. Levin dated December 21, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated December 28, 2005).
10.16 --	Employment Agreement between BKF and John C. Siciliano dated September 28, 2005 (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2005).
10.17 --	Letter Agreement, dated as of September 28, 2005, among BKF Capital Group, Inc., Levin Management Co., Inc. and Glenn A. Aigen (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2005).
10.18 --	Letter Agreement, dated as of September 28, 2005, among BKF Capital Group, Inc., Levin Management Co., Inc. and Norris Nissim (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2005).
10.19 --	Transition/Separation Agreement between BKF and Glenn A. Aigen dated December 20, 2005 (incorporated by reference to Exhibit 10.6 of Registrant's Report on Form 10-Q for the period ended September 30, 2005).
10.20 --	Separation Agreement and Release of All Claims between BKF and Henry Levin dated December 16, 2005 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated December 22, 2005).
10.21 --	Employment Agreement between BKF and Clarke Gray dated as of January 4, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated January 6, 2006).
10.22 --	Transition/Separation Agreement between BKF and Norris Nissim dated May 5, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2006).
10.23 --	Separation Agreement between BKF and Philip Friedman dated July 24, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Report on Form 8-K dated July 24, 2006).
10.24 --	Sublease Agreement between BKF and Daylight Forensics and Advisory LLC dated May 16, 2006 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
10.25 --	First Amendment to the Sublease Agreement between BKF and Daylight Forensics and Advisory LLC dated May 16, 2006 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the period September 30, 2006).
10.26 --	Partial Surrender Agreement and Amendment between BKF and RCPI Landmark Properties, LLC dated November 22, 2006 (incorporated by reference to Exhibit 10.26 to Registrant's Annual Report on Form 10k for the period ended December 31, 2006).

Exhibit Number -----	Description -----
10.27 --	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated May 18, 2006).
10.28 --	Separation Agreement between BKF and John C. Siciliano dated October 31, 2006 (incorporated by reference to Exhibit 10.28 to Registrant's Annual Report on Form 10k for the period ended December 31, 2006).
10.29 --	Separation Agreement between BKF and J. Clarke Gray dated October 31, 2006 (incorporated by reference to Exhibit 10.29 to Registrant's Annual Report on Form 10-K for the period ended December 31, 2006).
10.30 --	Employment agreement with Marvin Olshan dated November 12, 2007 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 10-Q for the period ended September 30, 2007).
10.31 --	Employment agreement with Harvey J. Bazaar dated November 12, 2007 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 10-Q for the period ended September 30, 2007).
10.32 --	Employment agreement with J. Clarke Gray dated November 12, 2007 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 10-Q for the period ended September 30, 2007).
10.33 --	Employment agreement with J. Clarke Gray dated March 7, 2007 (incorporated by reference to Exhibit 10.33 to Registrant's Annual Report on Form 10-K for the period ended December 31, 2007).
10.34 --	Agreement by and among BKF Capital Group, Inc., Catalyst Fund, L.P. and Steven N. Bronson, Harvey J. Bazaar, Marvin L. Olshan, Ronald LaBow and J. Clarke Gray, dated August 28, 2008 (incorporated by reference to Exhibit 10.36 of the Company's Current Report on Form 8-K filed on September 2, 2008)
10.35 --	Employment Agreement between BKF Capital Group, Inc. and Steven N. Bronson, dated as of October 1, 2008 (incorporated by reference to Exhibit 10.36 of the Company's Current Report on Form 8-K filed on October 14, 2008).
10.36 --	Copy of Sublease, dated December , 2008, by and between BKF Capital Group, Inc. and 1st United, LLC (incorporated by reference to Exhibit 10.36 of the Company's Current Report on Form 8-K filed on January 23, 2009).
10.37 --	Purchase Agreement, dated December 2, 2009, by and between BKF Capital Group, Inc. and Steven N. Bronson and Kimberly Bronson.
10.38 --	Copy of form Sublease, dated January 1, 2009, by and between BKF Capital Group, Inc. and Lion Gables Realty Limited Partnership.
10.39 --	Copy of Termination Agreement, between BKF Management Co., Inc. and RCPI LANDMARK PROPERTIES, L.L.C., dated as of December 31, 2010.

Exhibit Number -----	Description -----
10.40 --	Copy of Employment Agreement, between BKF Captial Group, Inc. and Maria Fregosi, dated March 1, 2011.
14.1 --	Registrant's Code of Ethics revised as of December 31, 2007 (incorporated by reference to Exhibit 14.1 of the Company's Annual Report on Form 10-K filed on March 13, 2008).
21.1 --	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K/A for the period ended December 31, 2000).
23.1 --	Consent of Mark Baily & Company, LLP*
31.1* --	Section 302 Certification of Chief Executive Officer
31.2* --	Section 302 Certification of Chief Financial Officer
32.1* --	Section 906 Certification of Chief Executive Officer
32.2* --	Section 906 Certification of Chief Financial Officer

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 31, 2010

BKF Capital Group, Inc.

/s/ Steven N. Bronson

Steven N. Bronson
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ Steven N. Bronson

Steven N. Bronson
Chairman of the Board of Directors
March 31, 2010

/s/ Leonard Hagan

Leonard Hagan
Director
March 31, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of BKF Capital Group, Inc.

We have audited the accompanying consolidated balance sheets of BKF Capital Group Inc. (Company) as of December 31, 2010 and 2009 and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the years then ended. BKF Capital Group Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BKF Capital Group Inc. as of December 31, 2010 and 2009, and the results of its consolidated operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Mark Bailey & Company, Ltd.

*Mark Bailey & Company, Ltd.
Reno, Nevada
March 31, 2011*

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollar amounts in thousands)

	December 31 2010 -----	December 31 2009 -----
Assets		
Cash and cash equivalents	\$ 9,744	\$ 11,839
Investments	2,863	2,098
Royalty and other receivables	15	237
Prepaid expenses and other assets	277	279
	-----	-----
Total assets	\$ 12,899	\$ 14,453
	=====	=====
Liabilities and stockholders' equity		
Accrued expenses	\$ 73	\$ 208
Unearned sublease income	--	138
Accrued lease liability	1,139	2,594
	-----	-----
Total liabilities	1,212	2,940
	-----	-----
Commitments and Contingencies		
Stockholders' equity		
Common stock, \$1 par value, authorized -- 15,000,000 shares, 7,973,216 issued and 7,446,593 outstanding as of December 31, 2010 and 7,973,216 issued and outstanding as of December 31, 2009.	\$ 7,973	\$ 7,973
Treasury stock	(598)	--
Additional paid-in capital	68,269	68,269
Accumulated deficit	(64,277)	(64,888)
Accumulate other comprehensive gain	320	159
	-----	-----
Total stockholders' equity	11,687	11,513
	-----	-----
Total liabilities and stockholders' equity	\$ 12,899	\$ 14,453
	=====	=====

See accompanying notes

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollar amounts in thousands, except per share data)

	Year Ended December 31,	
	2010	2009
Income:		
Royalties	\$ 512	\$ 712
Non-operating income:		
Interest income	37	43
Realized gains	378	18
Other income	89	63
Gain on settlement of lease	371	--
Total non-operating income	875	124
Total income	1,387	836
Expenses:		
Employee compensation and benefits	224	203
Occupancy and equipment rental	97	138
Other operating expenses	167	374
Interest expense	288	293
Total expenses	776	1,008
Net income (loss)	\$ 611	\$ (172)
Other comprehensive income, net of tax		
Unrealized gain on investments	161	159
Comprehensive income (loss)	\$ 772	\$ (13)
Income/(Loss) per share:		
Basic and diluted	\$.08	\$ (0.02)
Weighted average shares outstanding basic and diluted	7,871,493	7,973,216

See accompanying notes

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	Year Ended December 31,	
	2010	2009
Cash flows from operating activities:		
Net income(loss)	\$ 611	\$ (172)
Adjustments to reconcile net income(loss) to net cash provided by (used in) operations:		
Gain on sales of securities	(378)	18
Gain on settlement of lease	(371)	--
Decrease in U.S. Treasury Bills	--	13,320
Decrease in royalty and other receivables	222	545
Decrease (increase) in prepaid expenses and other assets	2	(72)
Increase (decrease) in accrued expenses	(135)	(49)
Decrease (increase) in unearned sublease income	(138)	138
Decrease in accrued lease liability expense	(1,084)	(1,483)
Net cash (used in) provided by operating activities	(1,271)	12,209
Cash flows from investing activities		
Proceeds from sale of investments	2,138	61
Purchase of investment securities	(2,364)	(1,982)
Net cash (used in) investing activities	(226)	(1,921)
Cash flows from financing activities:		
Repurchase of common stock	(598)	--
Net cash (used in) financing activities	(598)	--
Net (decrease) increase in cash and cash equivalents	(2,095)	10,288
Cash and cash equivalents at the beginning of the year	11,839	1,551
Cash and cash equivalents at the end of the year	\$ 9,744	\$ 11,839
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ --	\$ --
Cash paid for taxes	\$ --	\$ --

See accompanying notes

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2010 and 2009
(Amounts in thousands)

	Common Stock	Treasury Stock	Paid-In Capital	Accumulated Deficit	Comprehensive Income	Total
Balance at December 31, 2008	\$ 7,973	\$ --	\$ 68,269	\$(64,716)	\$ --	\$ 11,526
Net loss	--	--	--	(172)	--	(172)
Comprehensive income	--	--	--	--	159	159
Balance at December 31, 2009	\$ 7,973	--	\$ 68,269	\$(64,888)	\$ --	\$ 11,513
Treasury stock	--	(598)	--	--	--	(598)
Net loss	--	--	--	611	--	611
Comprehensive income	--	--	--	--	161	161
Balance at December 31, 2010	\$ 7,973	(598)	\$ 68,269	\$(64,277)	\$ 320	\$ 11,687

See accompanying notes

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

BKF Capital Group, Inc. (the "Company") operates through a wholly-owned subsidiary, BKF Management Co., Inc. and its subsidiaries, all of which are referred to as "BKF." The Company trades on the over the counter market under the symbol ("BKFG"). Currently, the Company is seeking to consummate an acquisition, merger or business combination with an operating entity to enhance BKF's revenues and increase shareholder value.

The consolidated financial statements of BKF include its wholly-owned subsidiaries BKF Asset Management, Inc., ("BAM"), BAM's two wholly-owned subsidiaries, BKF GP Inc. ("BKF GP") and LEVCO Securities, Inc. ("LEVCO Securities"). All intercompany accounts have been eliminated.

BAM was an investment advisor which was registered under the Investment Advisers Act of 1940, as amended; it withdrew its registration on December 19, 2006. BAM had no operations during 2010 and 2009.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

Under an agreement with a former partner, BKF is entitled to 15% of the annual revenues ("Royalties") collected from carry-over clients by this former partner. This agreement was in effect through September 30, 2010. Royalties are paid to BKF on a quarterly basis following the former partner's actual collection of revenue. The Company believes that these Royalties are fully collectible and therefore has not recorded any reserves against the related receivable.

Cash, and Cash Equivalents

The Company treats all investments with maturities at acquisition of three months or less as cash equivalents. Investments in money market funds are valued at net asset value. The Company maintains substantially all of its cash and cash equivalents invested in interest bearing instruments at two nationally recognized financial institutions, which at times may exceed federally insured limits. As a result the Company is exposed to credit risk related to the money market funds and the market rate inherent in those funds.

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

OTHER COMPREHENSIVE INCOME (LOSS)

The Company presents other comprehensive income in accordance with ASC Topic 220, Comprehensive Income. This section requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid in capital in the equity section of a statement of position. The Company reports its unrealized gains and losses on investments in securities as other comprehensive income (loss) in its financial statements.

Investments in Affiliated Investment Partnerships

BKF GP served as the managing general partner for several affiliated investment partnerships ("AIP"), which primarily engaged in the trading of publicly traded equity securities, and in the case of one partnership, distressed corporate debt. Currently all AIP activities have been terminated and BKF GP is in the process of dissolving those partnerships.

Income Taxes

The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes.

Interest costs and penalties related to income taxes are classified as interest expense and general and administrative costs, respectively, in the Company's consolidated financial statements.

The Company and its subsidiaries file consolidated Federal and combined state and local tax returns. The Company is currently subject to a three year statute of limitations by major tax jurisdictions. The Company has settled examination issues with New York State and New York City related to income allocation for the years 1999-2004. The Company has also settled an audit by New York State for the years 2005-2007.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Future tax benefits are recognized only to the extent that realization of such benefits is more likely than not to occur. The Company has recorded a valuation reserve of approximately \$4.0 million and \$4.3 million against its net deferred tax asset as of December 31, 2010 and December 31, 2009, respectively. The Company believes that it is not likely that this deferred tax benefit will be utilized within the statutory period allowed.

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the total of the weighted average number of shares of common stock outstanding and common stock equivalents. Diluted earnings (loss) per share is computed using the treasury stock method.

There were no common stock equivalents for the years ended December 31, 2010 and 2009.

Fair Values of Financial Instruments

Financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are carried in the consolidated financial statements at amounts that approximate fair value at December 31, 2010 and 2009. Fair values are based on market prices and assumptions concerning the amount and timing of estimated future cash flows. Investments have been valued using level 1 inputs under ASC Topic 820, Fair Value Measurements and Disclosures.

Recent Accounting Developments

There are no new accounting standards that are expected to have a significant impact on the Company.

2. Concentrations

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 per depositor. This limit is anticipated to return to \$100,000 after December 31, 2013. Additionally, under the FDIC's Temporary Liquidity Guarantee Program, amounts held in non-interest bearing transaction accounts at participating institutions are fully guaranteed by the FDIC through December 31, 2013. The Company had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the Federal Deposit Insurance Corporation. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

3. Related Party Transactions

Royalties

Royalties are the Company's portion of fee sharing arrangements from departed portfolio managers. The Company had royalty revenue of \$0.5 million and \$.7 million for the years ended December 31, 2010 and 2009, respectively.

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

4. INVESTMENTS

Investments are classified as available-for-sale according to the provisions of ASC Topic 320, Investments - Debt & Equity Securities. Accordingly, the investments are carried at fair value with unrealized gains and losses reported separately in other comprehensive income. Realized gains and losses are calculated using the original cost of those investments.

During the period July 2, 2009 through July 13, 2009, the Company acquired a total of 500,000 shares of FCStone Group, Inc. ("FCStone") common stock in open market transactions at an average price of approximately \$3.97 per share or an aggregate amount of approximately \$1,985,000. On July 31, 2009 the Company sold 10,847 common shares of FCStone at \$5.62, which resulted in a realized gain of approximately \$18,000. On October 1, 2009, the previously announced merger between International Assets Holding Corporation ("IAAC") and FCStone Group, Inc. ("FCStone") was completed and each outstanding share of FCStone was exchanged for .2950 shares of IAAC. Accordingly, on October 1, 2009 the Company received 144,300 shares of IAAC in exchange for its 489,153 shares of FCStone. During the year ended December 31, 2010, the Company sold 130,800 shares of IAAC, which resulted in a realized gain of approximately \$378,000. At December 31, 2010 the Company held 13,500 of IAAC common shares valued at approximately \$318,600.

On December 17, 2010, BKF Capital acquired, in a privately negotiated transaction, using its working capital, 1,500,000 shares of common stock of Qualstar Corporation at a purchase price of \$1.55 per share or \$2,325,00. The fair value of these shares at December 31, 2010 was \$2,544,633. The Company acquired the shares for investment purposes.

5. Accrued Lease Liability Expense

In September 2001, BKF entered into a 10 year lease agreement with Levin Management Co. Inc. under which they agreed to lease several floors of a building located at One Rockefeller Plaza in New York City. Subsequent to that agreement, the Company determined that they did not need all of the space and surrendered some of the space back to the landlord and sublet other portions.

During 2003, BKF surrendered approximately 20,000 square feet of office space back to the landlord and agreed to pay the landlord monthly payments through September 2011 (the end date of the original lease). The present value of the remaining payments was recorded as a lease liability.

During 2006, BKF vacated additional office space under the lease and subleased this space to another company. The sublease was executed at a rate which was below the rate of the existing primary lease obligation. As a result, the Company recorded additional lease reserves to account for the lease obligation, less sublease payments expected.

The lease liabilities were reduced as monthly rent payments were made to the landlord, net of any sublease income received.

On December 31, 2010, the Company terminated the lease with the landlord. In connection with the early termination, the Company paid a sum of \$1,139,049 which represented the present value of the aggregate net rent due under the lease. As a result of the early termination, the Company recorded a gain on settlement of approximately \$371,000.

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

6. Income Taxes

As of December 31, 2010 the Company has a federal net operating loss carryforward of approximately \$10.4 million, the utilization of which is limited under IRS Code Section 382 due to changes in the ownership of the Company's stock. The Company also had a state net operating loss carryforward of approximately \$2.7 million. The NOL carryforwards generated in the years 2005-2008 expire in 2025 thru 2028, and can be used at a rate of \$344,000 per year based on Section 382 limitations. The NOL carryforward generated in the year 2010 expires in 2030, and is not currently subject to Section 382 limitations.

Since it is not likely that deferred tax assets will be realized, no current tax benefit was recognized. Net deferred assets have been fully reserved.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities, shown net in the deferred tax asset on the Consolidated Statements of Financial Condition, consisted of the following (dollar amounts in thousands):

	Year Ended December 31,	
	2010	2009
	-----	-----
Deferred tax assets:		
Lease reserve	\$ 311	\$ 1,051
Net operating loss carryforward	3,807	3 336
	-----	-----
Gross deferred tax asset	\$ 4,118	\$ 4,387
	-----	-----
Deferred tax liabilities:		
Deferred state income taxes	(3)	(3)
Unrealized gain on investments	(130)	(64)
	-----	-----
Gross deferred tax liabilities	(133)	(67)
	-----	-----
Net deferred tax asset	3,985	4,320
Valuation reserve	(3,985)	(4,320)
	-----	-----
	\$ --	\$ --
	=====	=====

BKF CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

A reconciliation of income tax (benefit) with expected federal income tax expense (benefit) computed at the applicable federal tax rate of 35% is as follows (dollar amounts in thousands):

	Year Ended December 31,	
	----- 2010	2009 -----
Expected income tax (benefit)	\$ 270	(5)
Increase/Decrease in income tax resulting from:		
Change in state effective tax rate	--	(1,208)
Section 382 limitations	131	17,291
Other temporary differences	(66)	--
Change in valuation reserve	(335)	(16,078)
	-----	-----
Income tax expense	\$ --	\$ --
	=====	=====

7. Commitments and Contingencies

The Company could be subject to a variety of claims, suits and proceedings that arise from time to time, including actions with respect to contracts, regulatory compliance and public disclosure. These actions may be commenced by a number of different constituents, including vendors, former employees, regulatory agencies, and stockholders. The following is a discussion of the more significant matters involving the Company.

The Company was a defendant in a lawsuit seeking damages in the amount of approximately \$600,000. The complaint was filed in the Supreme Court of New York and alleges unjust enrichment. In February 2010, the Company settled this action by paying the plaintiff \$30,000. The settlement amount was recorded in the statements of operations as of December 31, 2009.

The Company is also a defendant in a lawsuit for claims for alleged services in the amount of approximately \$171,000. The complaint was filed in the New York State Supreme Court and alleges a claim for breach of contract against BAM for alleged goods and services delivered to BAM. The Company is vigorously defending this action. The Company has no specific reserve for this action.

8. Stock Repurchase Plan

On July 19, 2010 the Board of Directors of the Company approved a share repurchase plan, authorizing the Company to repurchase in the aggregate up to 1 million shares of its outstanding common stock, \$1 par value, over the twelve month period July 19, 2009 through July 18, 2010 (the "2010 Repurchase Plan"). As of December 31, 2010, the Company had repurchased an aggregate amount 526,623 shares of the Company's common stock as follows: 40,000 shares at an average price of \$.94 per share; 156,983 shares at an average price of \$1.10; 90,000 shares at an average price of \$1.15 and 239,640 shares at an average price of \$1.18.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation of our report dated March 31, 2011 accompanying the financial statements of this Form 10-K as of December 31, 2010 and for the period then ended.

/s/ Mark Bailey & Company, Ltd.

*Mark Bailey & Company, Ltd.
Reno, Nevada*

EXHIBIT 31.1

Statement Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 By Principal Executive Officer and Principal Financial Officer Regarding Facts and Circumstances Relating to Exchange Act Filings

I, Steven N. Bronson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of BKF Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 31, 2011

/s/ Steven N. Bronson

Steven N. Bronson, CED

EXHIBIT 31.2

Statement Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 By Principal Executive Officer and Principal Financial Officer Regarding Facts and Circumstances Relating to Exchange Act Filings

I, Maria Fregosi, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of BKF Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 31, 2011

/s/ Maria Fregosi

Maria Fregosi, CFO

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned President and Chief Executive Officer of the Company, certifies, that to his knowledge:

- 1) BKF Capital Group, Inc.'s Form 10-K for the annual period ended December 31, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in BKF Capital Group, Inc.'s Form 10-KSB for the annual period ended December 31, 2010 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2011

/s/ Steven N. Bronson

Steven N. Bronson, CEO

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned President and Chief Executive Officer of the Company, certifies, that to his knowledge:

- 1) BKF Capital Group, Inc.'s Form 10-K for the annual period ended December 31, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in BKF Capital Group, Inc.'s Form 10-KSB for the annual period ended December 31, 2010 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2011

/s/ Maria Fregosi

Maria Fregosi, CFO