

ASTA FUNDING INC
Form DEF 14A
January 28, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ASTA FUNDING, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Table of Contents

Edgar Filing: ASTA FUNDING INC - Form DEF 14A

- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

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

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

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:

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

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

 - (3) Filing Party:

 - (4) Date Filed:

Table of Contents

ASTA FUNDING, INC.
210 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the Meeting) of Asta Funding, Inc. (the Company) to be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey 07631, on Wednesday, March 9, 2016, at 11:00 AM, EST time.

The enclosed Notice of Meeting and the accompanying proxy statement describe the business to be conducted at the Meeting. I also enclose a copy of the Company s 2015 Annual Report on Form 10-K, which contains certain information regarding the Company and its financial results for the fiscal year ended September 30, 2015.

We look forward to seeing you at the Meeting. Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted at the Meeting. Accordingly, please complete, date, sign and return the enclosed proxy card in the envelope provided, which requires no postage if mailed in the United States, or you can now vote online by following the instructions on your proxy card. Even if you return a signed proxy card, you may still attend the Meeting and vote your shares in person. Every stockholder s vote is important, whether you own a few shares or many.

Sincerely,

Gary Stern

Chairman, President and Chief Executive Officer

Dated: January 28, 2016

Table of Contents

TABLE OF CONTENTS

<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	i
<u>GENERAL INFORMATION</u>	1
<u>VOTING AT THE MEETING</u>	1
<u>SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS</u>	4
<u>PROPOSAL ONE ELECTION OF DIRECTORS</u>	6
<u>PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	8
<u>COMPENSATION DISCUSSION & ANALYSIS</u>	9
<u>THE COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION</u>	13
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	13
<u>SUMMARY COMPENSATION TABLE</u>	14
<u>GRANTS OF PLAN BASED AWARDS</u>	15
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	17
<u>DIRECTOR COMPENSATION</u>	18
<u>BOARD ORGANIZATION AND MEETINGS</u>	19
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	22
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	22
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	23
<u>STOCKHOLDER PROPOSALS</u>	23
<u>STOCKHOLDERS SHARING AN ADDRESS</u>	24
<u>OTHER MATTERS</u>	24
<u>APPENDIX A NOMINATING AND GOVERNANCE COMMITTEE CHARTER</u>	A-1

Table of Contents

ASTA FUNDING, INC.

210 Sylvan Avenue

Englewood Cliffs, New Jersey 07632

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

March 9, 2016

The Annual Meeting of Stockholders (the Meeting) of Asta Funding, Inc. (the Company) will be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey 07631, on Wednesday, March 9, 2016, at 11:00 AM, EST, to consider and act upon the following:

1. To elect five (5) directors of the Company, to serve until the 2017 annual meeting of stockholders and until their successors have been duly elected and qualified;
2. To ratify the appointment of WeiserMazars LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2016;
3. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Only holders of record of the Company s Common Stock, par value \$.01 per share, at the close of business on January 26, 2016 will be entitled to vote at the Meeting. A complete list of those stockholders will be open to examination by any stockholder, for any purpose germane to the Meeting, during ordinary business hours at the Company s executive offices at 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632, for a period of ten days prior to the Meeting.

By Order of the Board of Directors

Robert J. Michel,

Chief Financial Officer and Secretary

Dated: January 28, 2016

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, MANAGEMENT URGES YOU TO COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE. YOU MAY ALSO VOTE ONLINE BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD. YOU MAY REVOKE THE PROXY AT ANY TIME PRIOR TO ITS EXERCISE. IF YOU RECEIVE MORE THAN ONE PROXY CARD BECAUSE YOUR SHARES ARE REGISTERED IN DIFFERENT NAMES OR ADDRESSES, EACH SUCH PROXY CARD SHOULD BE SIGNED AND RETURNED TO ASSURE THAT ALL OF YOUR SHARES ARE VOTED.

Table of Contents

ASTA FUNDING, INC.
210 Sylvan Avenue
Englewood Cliffs, New Jersey 07632
ANNUAL MEETING OF STOCKHOLDERS
MARCH 9, 2016
PROXY STATEMENT
GENERAL INFORMATION

The enclosed proxy is solicited by the Board of Directors of Asta Funding, Inc. (the Company, we or us) for use at the Annual Meeting of Stockholders to be held at the Crowne Plaza Englewood, 401 South Van Brunt Street, Englewood, New Jersey 07631 on Wednesday, March 9, 2016, at 11:00 AM, EST, and at any adjournments or postponements thereof (the Meeting) for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. A stockholder giving a proxy has the right to revoke it by giving written notice of such revocation to the Secretary of the Company at any time before it is voted, by submitting to the Company a duly-executed, later-dated proxy, or by voting the shares subject to such proxy by written ballot at the Meeting. The presence at the Meeting of a stockholder who has given a proxy does not revoke such proxy unless such stockholder files the aforementioned notice of revocation or votes by written ballot.

This proxy statement and the enclosed form of proxy are first being mailed to stockholders on or about January 28, 2016. All shares represented by valid proxies pursuant to this solicitation (and not revoked before they are exercised) will be voted as specified in the proxy. The Board of Directors recommends a vote FOR proposals 1 and 2. If no directions are given by the person(s) executing the proxy, the shares will be voted in favor of proposals 1 and 2 the election of management s nominees to the Board of Directors, and the ratification of the independent registered public accounting firm.

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

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on March 9, 2016. This proxy statement, the accompanying form of proxy card and our Annual Report on Form 10-K for the fiscal year ended September 30, 2015, including financial statements, are available on the internet at <http://www.proxydocs.com/asfi>. Under the rules issued by the Securities and Exchange Commission, we are providing access to our proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of our proxy materials on the Internet.

VOTING AT THE MEETING

Who Can Vote

Edgar Filing: ASTA FUNDING INC - Form DEF 14A

Only stockholders of record at the close of business on January 26, 2016, the record date, are entitled to notice of and to vote at the Meeting, and at any postponement(s) or adjournment(s) thereof. As of the record date, 12,110,977 shares of our Common Stock, \$0.01 par value per share (Common Stock), were issued and outstanding. Holders of our Common Stock are entitled to one vote per share for each proposal presented at the Meeting.

Table of Contents

How to Vote; How Proxies Work

Our Board of Directors is asking for your proxy. Whether or not you plan to attend the Meeting, we urge you to vote by proxy. Please complete, date and sign the enclosed proxy card and return it at your earliest convenience. Instead of using the paper proxy card provided along with this proxy statement, you may vote over the Internet. If you have Internet access you may vote your shares by following the Internet instructions on the proxy card. The cost of soliciting proxies will be borne by us including expenses in connection with the preparation and mailing of the proxy statement, form of proxy and any other material furnished to the stockholders by us in connection with the Meeting. In addition to the solicitation of proxies by mail, our employees may also solicit proxies by telephone or personal contact. These employees will not receive any special compensation in connection therewith. Our Annual Report on Form 10-K for the year ended September 30, 2015, which includes our consolidated financial statements, is being mailed to stockholders together with these proxy materials on or about January 28, 2016.

Any proxy signed and returned to us and not specifying to the contrary, and not designated as an abstention or broker non-vote as described below, will be voted:

FOR the election of the directors; and

FOR the ratification of the selection of WeiserMazars LLP as our independent registered public accounting firm for the 2016 fiscal year.

Should any matters not described above be properly presented at the Meeting, the persons named in the proxy card will vote in accordance with their judgment. The proxy card authorizes these persons, in their discretion, to vote upon such matters as may properly be brought before the Meeting or any adjournment(s), postponement(s), or continuation(s) thereof.

What Constitutes a Quorum

The presence at the Meeting in person or by proxy of holders of outstanding Common Stock entitled to cast a majority of all the votes entitled to be cast at the Meeting will constitute a quorum.

What Vote is Required

Directors are elected by a plurality of the votes cast with a quorum present. The five persons who receive the greatest number of votes of the holders of Common Stock represented in person or by proxy at the Meeting will be elected directors of the Company. The affirmative vote of a majority of the Common Stock present in person or represented by proxy at the Meeting and entitled to vote is required to approve the ratification of the selection of WeiserMazars LLP as our independent registered public accounting firm for the 2016 fiscal year.

How Abstentions and Broker Non-Votes Are Treated

Abstentions will be counted as shares that are present for purposes of determining a quorum. For the election of directors, abstentions are excluded entirely from the vote and do not have any effect on the outcome. Broker non-votes occur when a broker or other nominee holding shares for a beneficial owner does not have discretionary voting power on a matter and has not received instructions from the beneficial owner. Broker non-votes are included in the determination of the number of shares represented at the Meeting for purposes of determining whether a quorum is

present. If you do not provide your broker or other nominee with instructions on how to vote your street name shares, your broker or nominee will not be permitted to vote them on non-routine matters such as proposal 1. Shares subject to a broker non-vote will not be considered entitled to vote with respect to proposal 1 and will not affect the outcome of proposal 1. In most instances, brokers will have discretionary authority to vote for the selection of the independent registered public accounting firm, and therefore broker non-votes will have no effect on the outcome of proposal 2.

Table of Contents

How to Revoke

Any person giving a proxy in the form accompanying this proxy statement has the power to revoke it at any time before its exercise. The proxy may be revoked by filing with our Secretary an instrument of revocation or a duly executed proxy bearing a later date, or by electing to vote in person at the Meeting. A stockholder who attends the Meeting need not revoke the proxy and vote in person unless he or she wishes to do so. The mere presence at the Meeting of the person appointing a proxy does not, however, revoke the appointment. If you are a stockholder whose shares are not registered in your own name, you will need additional documentation from your record holder to vote personally at the Meeting.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth information as of January 26, 2016 with respect to beneficial ownership of our Common Stock by (i) each director and executive officer, including any person holding the position of CEO or CFO at any time during the fiscal year of 2015, (ii) each person known by us to own beneficially more than five percent of our outstanding Common Stock, and (iii) all directors and executive officers as a group. This table has been prepared based on 12,110,977 shares of Common Stock outstanding on January 26, 2016. Unless otherwise indicated, the address of each such person is c/o Asta Funding, Inc., 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632. All persons listed have sole voting and investment power with respect to their shares unless otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage(1)
Gary Stern	1,638,406(2)	13.3%
Ricky Stern	1,654,695(3)	13.6%
Robert J. Michel	88,081(4)	*
Seth Berman	98,933(5)	*
Edward Celano	85,500(6)	*
2115 Scotch Gamble Road Scotch Plains, NJ		
Harvey Leibowitz	79,500(7)	*
211 West 56th Street, Suite 20C New York, NY 10019		
David Slackman	85,000(8)	*
100 Mozart Court Eastport, NY 11941		
Louis A. Piccolo	139,500(9)	*
350 West 50th Street New York, NY 10019		
Asta Group, Incorporated	842,000(10)	7.0%
Barbara Marburger	799,775(11)	6.6%
Monsey, NY		
GMS Family Investors LLC	862,000(12)	7.1%
928 East 10th Street Brooklyn, NY 11230		
Mangrove Partners	1,491,545(13)	12.3%
645 Madison Avenue, 14th Floor, New York, NY 10022		
Tutuila Asset Management	800,000(14)	6.6%
130 Adelaide St. West, Toronto, Canada		
Dimensional Fund Advisors, LP	751,143(15)	6.2%
Building One, 6300 Bee Cave Road, Austin, TX 78746		
Spring House Capital	648,683(16)	5.4%
New York, NY		
All executive officers and directors as a group (8 persons)	2,810,958(17)	21.8%

* Less than 1%

(1)

Edgar Filing: ASTA FUNDING INC - Form DEF 14A

Any shares of common stock that any person named above has the right to acquire within 60 days of January 26, 2016, are deemed to be outstanding for purposes of calculating the ownership percentage of such person, but are not deemed to be outstanding for purposes of calculating the beneficial ownership percentage of any other person not named in the table above.

- (2) Includes 210,000 shares of common stock issuable upon exercise of options, and 285,607 shares of common stock owned by Asta Group, which shares are attributable to Gary Stern based on his percentage ownership of Asta Group. Excludes 684,945 shares owned by GMS Family Investors LLC which shares are attributable to Gary Stern based on his percentage ownership of such LLC. Gary Stern does not have voting

Table of Contents

- or investment power with respect to any of the shares held by the LLC and disclaims beneficial ownership of the shares owned by the LLC. Excludes 16,667 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of January 26, 2016. Also includes 196,656 shares of common stock held by Mr. Stern's non-employee child who is no longer a minor, resides in his home, and for which he disclaims beneficial ownership.
- (3) Includes 43,333 shares of common stock issuable upon exercise of options. Excludes 6,667 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of January 26, 2016. Includes 218,142 shares directly owned and 501,000 shares held in the Ricky Stern 2012 GST Trust a limited liability company over which Ricky Stern has sole voting and investment power, Includes 30,220 shares of common stock owned by Asta Group, which shares are attributable to Ricky Stern based on his percentage ownership of Asta Group. Includes 862,000 shares owned by GMS Family Investors LLC. Ricky Stern is the Manager of the LLC and as such has sole voting and investment power of such shares.
 - (4) Includes 85,000 shares of common stock issuable upon exercise of options.
 - (5) Includes 98,933 shares of common stock issuable upon exercise of options. Excludes 6,667 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of January 26, 2016.
 - (6) Includes 70,500 shares of common stock issuable upon exercise of options.
 - (7) Includes 70,500 shares of common stock issuable upon exercise of options.
 - (8) Includes 70,500 shares of common stock issuable upon exercise of options.
 - (9) Includes 130,500 shares of common stock issuable upon exercise of options.
 - (10) Asta Group, Incorporated (Asta Group) is owned by Arthur Stern, our former Chairman Emeritus and Director, Gary Stern, our Chairman, President and Chief Executive Officer, and other members of the Stern family.
 - (11) Includes 278,868 shares owned directly and 450,000 held in the Marburger 2015 Family Trust, a limited liability company over which Steve Marburger, Ms. Marburger's spouse, has sole voting and investment power. Barbara Marburger is the sister of Gary Stern.
 - (12) A limited liability company over which Judith R. Feder has sole voting and investment power. Gary Stern has a 79.46% beneficial interest in the LLC, trusts for the benefit of the children of Gary Stern and of which Judith R. Feder is the trustee have a combined 20.43% beneficial interest (10.215% each), and Arthur Stern has a .11% beneficial interest in the LLC.
 - (13) Based on information set forth on Form 4 filed with the SEC on January 15, 2016, by The Mangrove Partners Master Fund, Ltd.; Nathaniel August has the power to vote and dispose of these shares.
 - (14) Based on information set forth on Schedule 13G filed with the SEC on November 6, 2014, by Tutuila Asset Management Inc. Mark Gardiner has the power to vote and dispose of these shares.
 - (15) Based on information set forth on Schedule 13G filed with the SEC on February 5, 2015, by Dimensional Fund Advisors LP. Christopher Crossan, Global Chief Compliance Officer of Dimensional Fund Advisors, LP has the power to vote and dispose of these shares owned by four investment companies registered under the Investment Company Act of 1940.
 - (16) Based on information set forth on Schedule 13G filed with the SEC on January 7, 2016 by Spring House Asset Management, Ltd. New York, NY
 - (17) Includes 762,599 shares of Common Stock issuable upon exercise of options that are exercisable within 60 days of January 26, 2016. Excludes 30,001 shares of Common Stock issuable upon exercise of options that are not exercisable within 60 days of January 26, 2016. Excludes the shares owned in by GMS Family Investors LLC.

Table of Contents**PROPOSAL ONE ELECTION OF DIRECTORS**

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

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

The current Board of Directors, based on the recommendation of our Nominating and Corporate Governance Committee (the Governance Committee), nominated the individuals named below for election to our Board of Directors. Background information on each of the nominees is set forth below:

Name	Age	Position
Gary Stern	63	Chairman, President and Chief Executive Officer
Edward Celano(1)(2)(3)	77	Director
Harvey Leibowitz(1)(2)(3)	82	Director
Louis A. Piccolo	64	Director
David Slackman(1)(2)	68	Director

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Governance Committee

The Business Experience and Qualifications of Each Director

We believe that our Board of Directors should be composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe that experience, qualifications, or skills in the following areas are most important: experience in the distressed consumer credit industry; regulatory; accounting and finance; capital markets; strategic planning; human resources and development practices; and board practices of other corporations. These areas are in addition to the personal qualifications described in this section. We believe that all of our current Board members possess the professional and personal qualifications necessary for board service, and have highlighted particularly noteworthy attributes for each Board member in the individual biographies below. The principal occupation and business experience, for at least the past five years, of each current director is as follows:

Gary Stern has been a director and the President and Chief Executive Officer of the Company since our inception in July 1994. Mr. Stern assumed the role of Chairman in January 2009. Mr. Stern had been Vice President, Secretary, Treasurer and a director of Asta Group since 1980 and held other positions with Asta Group prior thereto. In such capacities, he has obtained substantial experience in distressed consumer credit analysis and receivables collections. As a result of these and other professional experiences, Mr. Stern possesses particular knowledge and experience in financial management and collections which strengthens the Board's collective qualifications, skills, and experience.

Edward Celano has been a director of the Company since September 1995. Mr. Celano has served as a consultant to Walters and Samuels, Incorporated since 2003. He was formerly a consultant with WeiserMazars LLP from 2001 to 2003, and an Executive Vice President of Atlantic Bank from May 1996 to February 2001. Prior to May 1996, Mr. Celano was a Senior Vice President of NatWest Bank (now Bank of America) after having held different positions at the bank for over 20 years. As a result of these and other professional experiences, Mr. Celano possesses particular knowledge and experience in financial services and management which strengthens the Board's collective qualifications, skills, and experience.

Table of Contents

Harvey Leibowitz has been a director of the Company since January 2000. Mr. Leibowitz has previously served as a Senior Vice President of Sterling National Bank. Prior to June 1994, Mr. Leibowitz was employed as a Senior Vice President and Vice President of several banks and financial institutions since 1963. As a result of these and other professional experiences, Mr. Leibowitz possesses particular knowledge and experience in financial services and management which strengthens the Board's collective qualifications, skills, and experience.

Louis A. Piccolo has been a director of the Company since June 2004. Mr. Piccolo has served as President of A.L. Piccolo & Co., Inc., a business consulting firm specializing in management and financial consulting, since 1988. Mr. Piccolo was an Executive Vice President and Chief Financial Officer of Alfred Dunhill of London, Inc. from 1983 to 1988, and held the same positions at Debenham's PLC, from 1981 to 1983. From 1977 to 1981, Mr. Piccolo was a senior accountant at KPMG Peat Marwick. As a result of these and other professional experiences, Mr. Piccolo possesses particular knowledge and experience in accounting and management which strengthens the Board's collective qualifications, skills, and experience.

David Slackman has been a director of the Company since May 2002. Mr. Slackman has served as Managing Director at HT Capital Advisors LLC from August 2008 to present. Mr. Slackman served as President, Manhattan Market (New York) of Commerce Bank from January 2001 through June 2008. Mr. Slackman was an Executive Vice President of Atlantic Bank of New York from 1994 to 2001 and a Senior Vice President of the Dime Savings Bank from 1986 to 1994. Since 2012, Mr. Slackman has served as Chairman of the New York City Advisory Board of Sterling National Bank. In 2015, Mr. Slackman was appointed President and Chief Executive Officer of the New York League of Independent Bankers, a non-profit trade association for commercial banks in the New York metropolitan area. As a result of these and other professional experiences, Mr. Slackman possesses particular knowledge and experience in financial services and management which strengthens the Board's collective qualifications, skills, and experience.

The following are the executive officers of the Company who are not directors of the Company.

Robert J. Michel, CPA, has served as our Chief Financial Officer since February 2009. Prior to this, from 2004 to 2009, Mr. Michel served as our Controller and the Director of Financial Reporting and Compliance. Prior to joining the Company, Mr. Michel was a partner at Laurence Rothblatt & Company LLP, a CPA firm located in Great Neck, New York.

Ricky Stern was appointed as Senior Vice President in March 2014. Ricky Stern also serves as President & CEO of GAR Disability Advocates. Prior to this appointment, Ricky served as our Assistant Treasurer from 2011 to 2014. Prior to joining the Company he was an analyst with a brokerage firm from 2008 to 2009. From 2009 to 2011 he earned his Master's Degree.

Seth Berman, Esq., has served as our General Counsel since 2005 and was named Chief Compliance Officer in April 2013. From 1997 through 2004, Mr. Berman was an associate at Weil Gotshal & Manges LLP.

There are no events or legal proceedings material to an evaluation of the ability or integrity of any director or executive officer, or any nominee therefor, of the Company. Moreover, no director or executive officer of the Company, nor any nominee, is a party adverse to the Company or has a material interest adverse to the Company in any legal proceeding.

Family Relationships

Gary Stern is the father of Ricky Stern.

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

Table of Contents

**PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

WeiserMazars LLP was appointed as of April 9, 2013 and served as our independent registered public accounting firm since that time.

Our Audit Committee has the responsibility to select, retain and oversee the work of outside auditors and, when appropriate, to replace the outside auditors. Stockholder ratification of the appointment of WeiserMazars LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2016 is not required by law, by the NASDAQ Global Select Market listing requirements or by our Certificate of Incorporation or By-laws. However, the Board of Directors is submitting the selection of WeiserMazars LLP to our stockholders for ratification as a matter of good corporate governance and practice. If the stockholders fail to ratify the appointment, we will reconsider whether or not to retain that firm. Even if the selection is ratified, we may appoint a different independent registered public accounting firm during the year if the Audit Committee determines that such a change would be in the best interests of us and our stockholders.

A representative of WeiserMazars LLP is expected to be present at the Meeting, will make such statements as WeiserMazars LLP may desire and will be available to respond to appropriate questions from the stockholders. To pass, this proposal requires the affirmative vote of a majority of the Common Stock present in person or by proxy at the Meeting and entitled to vote.

During fiscal years 2015 and 2014 WeiserMazars LLP provided audit services. The following table summarizes the fees:

	2015	2014
Audit Fees:	\$ 791,000	\$ 527,512
Audit Related Fees:	\$	\$
Tax Fees:	\$	\$
All Other Fees:	\$	\$
Total Fees:	\$ 791,000	\$ 527,512

Included in Audit Fees for fiscal year 2015 was work related to the inquiry of the Securities and Exchange Commission Division of Corporation Finance.

Securities Exchange Act of 1934, as amended (Exchange Act) rules generally require any engagement by a public company of an accountant to provide audit or non-audit services to be pre-approved by the audit committee of that company. This pre-approval requirement is waived with respect to the provision of services other than audit, review or attest services if certain conditions as set forth in Rule 2-01(c)(7)(i)(C) under the Exchange Act are met. All of the services described above were pre-approved by our Audit Committee and, therefore, were not provided pursuant to a waiver of the pre-approval requirements set forth in such rule.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF WEISERMAZARS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Table of Contents

COMPENSATION DISCUSSION & ANALYSIS

We seek to have compensation programs for our named executive officers that are intended to achieve a variety of goals, including, but not limited to:

attracting and retaining talented and experienced executives in the competitive debt buying industry;

motivating and fairly rewarding executives whose knowledge, skills and performance are critical to our success; and

providing fair and competitive compensation.

In determining executive compensation for fiscal year 2015 (ended on September 30, 2015), the Compensation Committee articulated as its central goal the continuation of its policy of having the compensation paid to the named executive officers reward them for Company-wide and individual performance and better link pay and performance. This policy is intended to assure that our compensation practices are competitive with those in the industry. Our Chief Executive Officer, as he did for certain prior fiscal years, assisted the Compensation Committee in determining compensation for the other named executive officers.

For compensation payable in fiscal year 2016 (ending on September 30, 2016), the Compensation Committee, as it has done for certain prior fiscal years, engaged a professional compensation consultant, Adams Consulting Group, LLC (Adams) to provide benchmarking data (using, principally, relevant published survey analysis and proxy analysis), make suggestions, and assist it in the compensation process. The baseline for Adams analysis for fiscal year 2016 was the report it issued in October 2014 (the Prior Year Adams Report), which the Compensation Committee used in determining executive compensation payable in fiscal year 2015. In particular, Adams issued a report to the Compensation Committee in October 2015 (the Current Year Adams Report) incorporating the material elements of the Prior Year Adams Report. First, data for the salary surveys were selected based upon one or more of the following criteria: (i) industry group; (ii) geographic location; and (iii) company revenue. Second, Adams conducted a competitive market analysis of comparable positions, for the named executive officers, by utilizing, for base salary, surveys from Towers Watson, World at Work and The Conference Board, and for annual cash bonuses and long-term incentive compensation, certain of the surveys used in the Prior Year Adams Report; for director compensation, the Current Year Adams Report is based on compensation data contained in the Prior Year Adams Report. Third, Adams used proxy analysis to assess executive officer and director compensation. Such analysis was based on the proxy data used in the Prior Year Adams Report, which included 16 public companies within the same industry and approximate revenue size as us. Fourth, Adams focused on the base salary, annual bonus and long-term incentive/equity compensation of the Chief Executive Officer (who also serves as our president), the Chief Financial Officer (who also serves as our secretary), the Senior Vice President (who also serves as president of GAR Disability Advocates, LLC (GAR Disability Advocates) and the General Counsel (who also serves as our chief compliance officer), and on the annual retainers (as chairman and member) and equity compensation of the various committee members, as well as the separate annual retainer for each independent director.

With respect to the named executive officers, the Current Year Adams Report recommended that the Compensation Committee consider recommending to the Board that it (i) adjust annual base salaries by 4.0% to 7.0%, depending upon individual performance and other relevant factors and (ii) increase annual cash bonuses, basing such bonuses on performance. However, the Current Years Adams Report also recommended that the Board retain the flexibility to

offer extraordinary compensation to any or all of the named executive officers, in the form of cash or equity, to reflect, as applicable, individual or group accomplishments, changing business objectives or needs and retention issues.

With respect to the directors, the Current Year Adams Report recommended that the Compensation Committee consider recommending to the Board that it consider making an annual equity award to each Board member approximately equal to \$50,000, \$5,000 more than the annual retainer of \$45,000. This recommendation was based on Adams finding that total direct compensation (annual retainer plus equity) for the Board members was very low compared to market values.

Table of Contents

On November 10, 2015 the Compensation Committee met to review the Current Year Adams Report and formulate its recommendations to the Board with respect to executive base salary and Board retainers, as applicable, for fiscal year 2016 and for cash bonus (named executive officers only) and equity or equity-based grants to be made in fiscal year 2016 but which relate to fiscal year 2015 performance. With respect to executive compensation for the named executive officers, the Compensation Committee determined, in pertinent part, that (i) no increases should be made to the base salary of any of the executive officers, (ii) no annual bonuses should be paid to any of the executive officers, and (iii) no equity or equity-based compensation awards should be made to any of the executive officers.

Underlying the Compensation Committee's determination that the base salaries of the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Senior Vice President should be kept at fiscal year 2014 levels were three main factors: (i) individual performance levels; (ii) market risks; and (iii) retention dynamics within the Company and the industry.

The same considerations informed the Compensation Committee's determination with respect to bonuses and equity or equity-based awards to these officers, with one exception. In particular, the Compensation Committee took note of the Company's payment to the Chief Financial Officer, in August 2015, of a one-time bonus of \$100,000, in recognition of his hard work in assisting the Company resolve two governmental reviews, one by the IRS and one by the SEC, in fiscal year 2015. These reviews related to an inquiry by the IRS with respect to the Company's 2009 through 2013 federal income tax returns and by the Division of Corporation Finance of the SEC principally with respect to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013. The Compensation Committee took note, in evaluating whether the Chief Financial Officer should be paid a bonus in fiscal year 2016 for fiscal year 2015 performance, that the \$100,000 bonus reflected fiscal year 2015 performance.

With respect to director compensation, the Compensation Committee determined that it would recommend to the Board that annual retainers be kept at fiscal year 2014 (ending on September 30, 2014) and fiscal year 2015 levels and, consistent with the treatment of the executive officers, that no equity or equity-based awards should be made to any of the directors.

The Board approved the Compensation Committee's recommendations for executive and director compensation for fiscal year 2016.

Elements of Executive Officer Compensation

Overview. Total compensation paid to our executive officers is divided among three principal components. Base salary is generally fixed and does not vary based on our financial and other performance. Other components, such as cash bonuses and stock options or other equity or equity-based awards, are variable and dependent upon our market performance. Historically, judgments about these elements have been made subjectively. In the case of stock options, the value is dependent upon our future stock price and, accordingly, such awards are intended to reward the named executive officers for favorable Company-wide performance.

Our Compensation Committee reviews total compensation to see if it falls in line with peer companies and may also look at overall market data. For compensation payable in fiscal year 2016, the Compensation Committee determined that our compensation program was generally competitive with the members of our peer group. Our goal to promote pay for performance emphasizes the variable elements of overall compensation over fixed base salaries. In this regard, it is our policy to emphasize long-term equity awards over short-term cash bonuses, as the long-term awards are intended to align with goals such as total shareholder return. Each of the three elements of executive compensation has been determined by evaluating the recommendations set forth in the Current Year Adams Report, as well as our analysis of our financial performance, overall economic conditions and certain individual achievements, such as

successful completion of assigned tasks.

Table of Contents

Base Salary. We pay our executives a base salary, which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program. Base salaries are established, in part, based on the executive's individual position, responsibility, experience, skills, historic salary levels and the executive's performance during the prior year. We are also seeking over a period of years to align base compensation levels comparable to our competitors and other companies similarly situated. We generally do not view base salaries as primarily serving our objective of paying for performance.

For compensation payable in fiscal year 2015, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in Prior Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers and the SEC and IRS reviews described above, we generally held the salary levels of the named executive officers constant. The sole exception was the Senior Vice President, whose salary was increased by 40%, to \$280,000 annually. This increase was the second part of an increase in the base salary for the senior vice president decided earlier in fiscal year 2014 and planned to be effective as of the end of such fiscal year or soon thereafter. It actually took effect as of January 1, 2015.

For compensation payable in fiscal year 2016, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Current Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers, we held the salary levels of the named executive officers constant. We believe that for fiscal year 2016, our salary levels are sufficient to retain our existing executive officers and hire new executive officers when and as required.

Cash Incentive Bonuses. Consistent with our emphasis on pay-for-performance incentive compensation programs, our executives are eligible to receive annual cash incentive bonuses primarily based upon their performance during the year.

For fiscal year 2014 service and performance, based on our on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers and the SEC and IRS reviews described above, we did not award cash bonuses to any of our named executive officers to be paid in fiscal year 2015.

For fiscal year 2015 service and performance, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Current Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers we awarded a cash bonus only to our Chief Financial Officer, in recognition of his hard work in assisting the Company resolve the SEC and IRS reviews. The amount of this bonus, which was paid in August 2015, was \$100,000.

Equity and Equity-Based Compensation. We believe that stock options and other forms of equity or equity-based compensation are an important long-term incentive for our executive officers and other employees and generally align officer interest with that of our stockholders. They are intended to further our emphasis on pay-for-performance.

For fiscal year 2014 service and performance, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Prior Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers and the SEC and IRS investigations described above, we did not award stock options or any other forms of equity or equity-based compensation.

For fiscal year 2015 service and performance, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Current Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers and the SEC and IRS investigations described above, we

did not award stock options or any other forms of equity or equity-based compensation.

Table of Contents

We do not have any formal plan or obligation that requires us to grant equity or equity-based compensation to any executive officer on specified dates. In recent years, we have developed the practice of considering equity or equity-based grants (and bonuses) at about the time our audit of the prior fiscal year is completed to reward executives for work in the completed year. However, we reserve the right to re-visit these matters during the year. The authority to make equity or equity-based grants to our executive officers rests with our full Board of Directors based upon recommendations made by the Compensation Committee. The Committee considers the input of our Chief Executive Officer in setting the compensation of our other executive officers, including in the determination of appropriate levels of equity or equity-based grants.

Severance and Change-in-Control Benefits. We are currently not a party to any employment agreements, although historically we have provided our executive officers with employment contracts. In January 2007, we entered into a three-year employment agreement with Gary Stern. Mr. Stern's employment agreement expired on December 31, 2009. This agreement was not renewed and Mr. Stern is continuing in his current roles at the discretion of the Board of Directors until a new agreement is signed.

Share Retention

We have a share retention policy which is applicable to members of our Board of Directors. Under this policy, each Board member is expected to maintain on an ongoing basis at least 5,000 shares of the Company's common stock. Shares received through stock options and restricted stock grants count toward satisfying this requirement.

Director Compensation

For fiscal year 2015 performance, based on our financial performance, uncertain macroeconomic conditions, the recommendations contained in the Current Year Adams Report and our evaluation thereof with respect to the relative performance of our named executive officers and the SEC and IRS investigations described above, we held retainers for directors, committee chair positions and committee member positions constant and did not award stock options or any other forms of equity or equity-based compensation.

Regulatory Considerations

We account for the equity compensation expense for our employees under the rules of FASB Accounting Standard Codification 718, Compensation—Stock Compensation, or ASC 718.

We are contemplating the adoption of claw back policies with respect to performance-based bonuses and equity grants and any other incentive compensation with respect to which the Dodd-Frank Act requires such claw back policies. We anticipate adopting such claw back policies when applicable Securities and Exchange Commission rules under the Dodd-Frank Act are adopted. In this regard, we take note that, on July 8, 2015, the SEC issued a proposed rule on claw back requirements under the Dodd-Frank Act. Compliance with this rule will not be required, however, until the SEC finalizes it and the applicable stock exchange issues listing standards with respect to the final rule and such listing standards become effective.

In addition, we take note that, on April 29, 2015, the SEC issued a proposed rule relating to the pay-for-performance disclosure requirements under the Dodd-Frank Act. This rule has yet to be finalized, and once it is finalized and becomes effective for the Company, our compensation disclosures will reflect the requirements of such rule.

We also take note that, on April 5, 2015, the SEC issued a final rule implementing the chief executive officer pay ratio disclosure requirements under the Dodd-Frank Act. The disclosure requirements take effect for the Company for its

fiscal year beginning on October 1, 2017.

Table of Contents

THE COMPENSATION COMMITTEE REPORT

ON EXECUTIVE COMPENSATION

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion & Analysis with management. Based on this review and these discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion & Analysis be included in this report.

Submitted by the Compensation Committee:

David Slackman, Chairman

Harvey Leibowitz

Edward Celano

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee currently is composed of David Slackman, Harvey Leibowitz and Ed Celano, none of whom is an employee or a current or former officer of the Company. None of our executive officers serves as a member of the compensation committee, or any other committee serving an equivalent function, or member of the Board of Directors for any company where a member of our Compensation Committee serves as an executive officer.

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table contains information about compensation earned (bonus) or received (all other categories of compensation) by the named executive officers for the fiscal year ended September 30, 2015.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	All Other Compensation (\$)(4)	Total (\$)
Gary Stern	2015	\$ 600,000	\$	\$	\$	\$ 59,210	\$ 659,210
Chairman, President & CEO	2014	\$ 593,604	\$	\$	\$	\$ 69,969	\$ 663,573
	2013	\$ 577,500	\$ 100,000	\$	\$ 325,905(2)	\$ 46,848	\$ 1,050,253
Robert J. Michel	2015	\$ 275,000	\$ 100,000	\$	\$	\$ 30,150	\$ 405,150
	2014	\$ 275,000	\$	\$	\$	\$ 30,354	\$ 305,354
Chief Financial Officer and							
Secretary	2013	\$ 275,000	\$	\$	\$	\$ 30,604	\$ 305,604
Seth Berman	2015	\$ 275,000	\$	\$	\$	\$ 23,067	\$ 298,067
General Counsel & Chief Compliance Officer	2014	\$ 269,231	\$	\$	\$	\$ 23,702	\$ 292,933
	2013	\$ 250,000	\$ 30,000	\$	\$ 130,362(3)	\$ 22,769	\$ 433,131
Ricky Stern	2015	\$ 258,462	\$	\$	\$	\$ 6,088	\$ 264,550
	2014	\$ 176,923	\$	\$	\$	\$ 4,919	\$ 181,842
Senior Vice President and President							
of GAR Disability Advocates(5)							

- (1) Represents the grant date fair value of the award, calculated in accordance with FASB Accounting Standard Codification 718, Compensation Stock Compensation, or ASC 718. A summary of the assumptions made in the valuation of these awards is provided under Note A to our financial statements included in our Annual Report on Form 10-K for the year ended September 30, 2015, filed with the SEC on December 14, 2015.
- (2) Includes an option to purchase 50,000 shares of common stock granted to Mr. Stern on December 12, 2013 but earned in the fiscal year ended September 30, 2013. The option has an exercise price of \$8.49 per share and expires on December 2, 2023. The option vests fully in three equal annual installments on December 12, 2014, December 12, 2015 and December 12, 2016.
- (3) Includes options to purchase 20,000 shares of Common Stock granted on December 11, 2013, but earned in the fiscal year ended September 30, 2013 with such grant effective on December 12, 2013, with an exercise price equal to the closing stock price on December 12, 2013. The awards had a grant day price of \$8.49 per share and vest in three equal installments on December 12, 2014, December 12, 2015 and December 12, 2016.
- (4) These amounts consist of:

matching Company contributions under our 401(k) plan;

life insurance premiums; and

health insurance premiums paid by the Company in excess of non-executive contribution.

(5) Ricky Stern became Senior Vice President on March 24, 2014. Salary and benefits are for full fiscal year of 2014.

Table of Contents

The following table summarizes All Other Compensation for purposes of note (4) above :

Name	Year	401(k) Company Match (\$)	Life Insurance Premium (\$)	Health Insurance Premiums (\$)	Total (\$)
Gary Stern	2015	\$ 20,203	\$ 26,940	\$ 12,067	\$ 59,210
	2014	\$ 20,746	\$ 37,156	\$ 12,067	\$ 69,969
	2013	\$ 12,293	\$ 21,017	\$ 13,538	\$ 46,848
Robert J. Michel	2015	\$ 11,000	\$ 7,083	\$ 12,067	\$ 30,150
	2014	\$ 11,000	\$ 7,287	\$ 12,067	\$ 30,354
	2013	\$ 9,576	\$ 7,490	\$ 13,538	\$ 30,604
Seth Berman	2015	\$ 11,000		\$ 12,067	\$ 23,067
	2014	\$ 11,635		\$ 12,067	\$ 23,702
	2013	\$ 9,231		\$ 13,538	\$ 22,769
Ricky Stern	2015	\$ 2,853		\$ 3,235	\$ 6,088
	2014	\$ 1,684		\$ 3,235	\$ 4,919

GRANTS OF PLAN BASED AWARDS

No grants of options or restricted stock were awarded during fiscal year 2015.

Narrative Disclosure to Summary Compensation Table and Grant of Plan Based Awards Table**Incentive Compensation Plans****2012 Stock Option and Performance Award Plan**

On February 7, 2012, the Board of Directors adopted the 2012 Plan. The 2012 Plan, which is administered by our Compensation Committee, was adopted by our stockholders on March 21, 2012. The purpose of the 2012 Plan is to provide for our success and enhance our value by linking participants' personal interests with those of our stockholders and employees, by providing participants with an incentive for outstanding performance, and to motivate, attract and retain the services of participants upon whom our success depends. The 2012 Plan is flexible in that it provides for the grant of stock options (Options), stock appreciation rights (SARs), shares of restricted stock (Restricted Stock), restricted stock units (RSUs), performance shares and performance units (Performance Shares and Performance Units), and cash incentives (the Cash Incentives), singularly or in combination as determined by the Compensation Committee. The 2012 Plan authorizes the grant of awards relating to 2,000,000 shares of our Common Stock, with 1,511,179 available for awards as of September 30, 2015 and 1,315,775 available for awards as of December 31, 2015.

Equity Compensation Plan

On December 1, 2005, the Board of Directors adopted our Equity Compensation Plan (the Equity Compensation Plan), which was approved by our stockholders on March 1, 2006. The Equity Compensation Plan was adopted to supplement our existing 2002 Stock Option Plan. In addition to permitting the grant of stock options as are permitted under the 2002 Stock Option Plan, the Equity Compensation Plan provides us with flexibility with respect to equity

awards by also providing for grants of stock awards (i.e. restricted or unrestricted), stock purchase rights and stock appreciation rights.

The general purpose of the Equity Compensation Plan is to provide an incentive to our employees, directors and consultants, including executive officers, employees and consultants of any subsidiaries, by enabling them to share in the future growth of our business. The Board of Directors believes that the granting of stock options and

Table of Contents

other equity awards promotes continuity of management and increases incentive and personal interest in our welfare by those who are primarily responsible for shaping and carrying out our long range plans and securing our growth and financial success.

On February 29, 2012, our board of directors adopted an amendment to the Equity Compensation Plan providing that, effective upon receiving stockholder approval of the 2012 Plan, no additional awards would be granted under the Equity Compensation Plan. On March 21, 2012, our stockholders approved the 2012 Plan.

2002 Stock Option Plan

On March 5, 2002, our Board of Directors adopted the Asta Funding, Inc. 2002 Stock Option Plan (the 2002 Plan), which was approved by our stockholders on May 1, 2002. The 2002 Plan was adopted in order to attract and retain qualified directors, officers and employees of, and consultants to, the Company. The 2002 Plan authorizes the granting of incentive stock options (as defined in Section 422 of the Code) and non-qualified stock options to our eligible employees, including officers and directors of the Company (whether or not employees) and consultants of the Company.

On February 29, 2012, our board of directors adopted an amendment to the 2002 Plan providing that, effective upon receiving stockholder approval of the 2012 Plan, no additional awards would be granted under the 2002 Plan. On March 21, 2012, our stockholders approved the 2012 Plan.

Options and Restricted Stock Awards

There were no stock options or restricted stock awarded to an executive officer named in the Summary Compensation Table during fiscal years 2015 and 2014.

On December 11, 2013, we determined to grant the following options with such grants to be effective as of December 12, 2013 (at the December 12, 2013 closing stock price):

Gary Stern was granted stock options to purchase of 50,000 shares of our common stock to reflect his fiscal year 2013 performance. The stock option grant vests in three annual installments beginning on December 12, 2014, the first anniversary of the award. The options granted to Mr. Stern have an exercise price of \$8.49 per share.

Ricky Stern was granted stock options to purchase 20,000 shares of our common stock for his fiscal year 2013 performance. These options vest in three annual installments beginning on December 12, 2014, the first anniversary of the award. The options granted to Ricky Stern have an exercise price of \$8.49 per share. This award was granted when Ricky Stern was not an officer of the Company.

Seth Berman was granted stock options to purchase 20,000 shares of our common stock for his fiscal year 2013 performance. These options vest in three annual installments beginning on December 12, 2014, the first anniversary of the award. The options granted to Mr. Berman have an exercise price of \$8.49 per share. The foregoing awards issued to Messrs. Stern, Stern and Berman in 2013 were issued under the 2012 Plan. Under the 2012 Plan, upon the occurrence of a corporate transaction event , defined as the merger of the Company with or into another corporation, the sale of substantially all of our assets, the liquidation of the Company, or the acquisition by

any person of our securities the result of which such person becomes the beneficial owner, directly or indirectly, of our securities representing greater than 50% of the combined voting power of our then outstanding securities, the Board may take any number of actions. For instance, under the 2012 Plan, upon the occurrence of a merger, consolidation, sale of substantially all of the assets of the Company or the acquisition of more than 50% of the Company's voting securities, if the applicable transactions do not provide otherwise, option awards become exercisable and restricted stock awards fully vest immediately prior thereto.

Table of Contents

Similarly, under the Equity Incentive Plan, upon the occurrence of a corporate transaction event, defined as the merger of the Company with or into another corporation, the sale of substantially all of our assets, the liquidation of the Company, or the acquisition by any person of our securities the result of which such person becomes the beneficial owner, directly or indirectly, of our securities representing greater than 50% of the combined voting power of our then outstanding securities, the Board may take any number of actions. These actions include providing for all options outstanding under the Plan to be assumed by the acquiring corporation or to become immediately vested and exercisable in full. The Board may also cancel any outstanding options, stock purchase rights and stock appreciation rights in effect prior to such corporate transaction event.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information on exercisable and unexercisable options and unvested stock awards held by the named executive officers on September 30, 2015.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Gary Stern	60,000		\$ 7.63	12/15/20	34,107(8)	\$ 290,933
	100,000		\$ 7.77	12/13/21		
	16,666	34,334(2)	\$ 8.49	12/12/23		
Robert J. Michel	30,000		\$ 7.63	12/15/20		
	30,000		7.77	12/13/21		
	16,666	8,334(3)	\$ 9.57	12/18/22		
Ricky Stern	10,000		\$ 8.36	12/22/21		
	13,333	6,667(4)	\$ 9.57	12/18/22		
	6,666	13,334(5)	\$ 8.49	12/12/23		
Seth Berman	5,500		\$ 2.95	5/5/19		
	100		\$ 8.07	12/11/19		
	30,000		\$ 7.63	12/15/20		
	30,000		\$ 7.77	12/13/21		
	13,333	6,667(6)	\$ 9.57	12/18/22		
	6,666	13,334(7)	\$ 8.49	12/12/23		

(1) Based on \$8.53 per share, the closing price of the common stock as reported by NASDAQ on September 30, 2015.

(2) Represents the unvested portion of an option to purchase 50,000 shares of common stock granted on December 12, 2013, which fully vests on December 12, 2016.

(3)

Edgar Filing: ASTA FUNDING INC - Form DEF 14A

Represents the unvested portion of an option to purchase 25,000 shares of common stock granted on December 18, 2012, which fully vested in three equal installments on December 18, 2015.

- (4) Represents the unvested portion of an option to purchase 20,000 shares of common stock granted on December 18, 2012, which fully vested on December 18, 2015.
- (5) Represents the unvested portion of an option to purchase 20,000 shares of common stock granted on December 12, 2013 which vest in three equal installments on December 12, 2014, December 12, 2015 and December 12, 2016.
- (6) Represents the unvested portion of an option to purchase 20,000 shares of common stock granted on December 18, 2012 which fully vested December 18, 2015.

Table of Contents

- (7) Represents the unvested portion of an option to purchase 20,000 shares of common stock granted on December 12, 2013, which vest in three equal installments on December 12, 2014, December 12, 2015 and December 12, 2016.
- (8) Represents one third of Gary Stern's 102,321 shares of restricted stock granted on December 18, 2012.

STOCK OPTION EXERCISES AND VESTING OF RESTRICTED STOCK AWARDS

There were no stock option exercises or shares acquired on vesting during fiscal year 2015.

DIRECTOR COMPENSATION

Mr. Gary Stern received no compensation for serving as a director, except that he, like all directors, is eligible to be reimbursed for any expenses incurred in attending Board and committee meetings. For fiscal year 2015, the total annual fees that a director, other than Mr. Gary Stern, could have received for serving on our Board of Directors and committees of the Board of Directors were set as follows:

An annual fee of \$45,000 per year for each Independent Director;

An annual fee of \$10,000 for Audit Committee Members;

An annual fee of \$35,000 for the Chairman of the Audit Committee;

An annual fee of \$15,000 for Chairman of the Compensation Committee;

An annual fee of \$7,500 for Compensation Committee Members;

An annual fee of \$15,000 for Chairman of the Governance Committee; and

An annual fee of \$7,500 for Governance Committee Members.

The following table summarizes compensation paid to outside directors in fiscal 2015:

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
Edward Celano	\$ 77,500(2)	\$	\$ 77,500
Harvey Leibowitz	\$ 95,000(3)	\$	\$ 95,000
David Slackman	\$ 67,500(4)	\$	\$ 67,500

Edgar Filing: ASTA FUNDING INC - Form DEF 14A

Louis Piccolo	\$ 45,000(5)	\$	\$ 45,000
Arthur Stern	\$ 112,500(6)	\$	\$ 112,500
Herman Badillo	\$ 15,625(7)	\$	\$ 15,625

- (1) No stock option awards were granted in fiscal year 2015.
- (2) Includes, in addition to \$45,000 independent director retainer, \$10,000 for being a member of the Audit Committee, \$7,500 for being a member of the Compensation Committee, \$ 15,000 for being chair of the Governance Committee.
- (3) Includes, in addition to \$45,000 independent director retainer, \$35,000 for being chairman of the Audit Committee, \$7,500 for being a member of the Compensation Committee, \$7,500 for being a member of the Governance Committee.
- (4) Includes, in addition to \$45,000 independent director retainer, \$15,000 for being chairman of the Compensation Committee. Mr. Slackman became a member of the Audit Committee effective as of January 1, 2015 and, his prorated fee was \$7,500.
- (5) Mr. Piccolo is not an independent director.

Table of Contents

- (6) Mr. Arthur Stern became Chairman Emeritus in January 2009. He retired from the Board of Directors effective as of July 1, 2015 and, at such time, became a consultant to the Company. The amounts shown in the table reflect compensation paid to him between October 2014 and June 2015.
- (7) Includes \$11,250 for independent director retainer, \$2,500 for being a member of the Audit Committee and \$1,875 for being a member of the Governance Committee. Mr. Badillo passed away December 3, 2014. The amounts shown in the table reflect compensation paid to him between October 2014 and December 2014.

BOARD ORGANIZATION AND MEETINGS

Composition of the Board of Directors. Since the adoption of the Sarbanes-Oxley Act in July 2002, there has been a growing public and regulatory focus on the independence of directors. Additional requirements relating to independence are imposed by the Sarbanes-Oxley Act with respect to members of the Audit Committee. The Board has established procedures consistent with the Sarbanes-Oxley Act of 2002, regulations of the Securities and Exchange Commission, and listing requirements of The NASDAQ Stock Market. The Board of Directors has also determined that the following members of the Board satisfy the NASDAQ definition of independence: Edward Celano, Harvey Leibowitz, and David Slackman. (Herman Badillo, who passed away on December 3, 2014, also was an independent director under the NASDAQ rules as of such date.)

During the fiscal year ended September 30, 2015, the Board of Directors held 8 meetings, the Audit Committee held 4 meetings, the Compensation Committee held 2 meetings, and the Governance Committee held 1 meeting. During fiscal year 2015, all members of the Board of Directors, when acting in such capacity, attended at least 75% of all the meetings of the Board of Directors that such director was eligible to attend, and committees of the Board of Directors of which such director was a member. Our policy states that all Board members should attend the annual meeting of stockholders, and all directors attended our annual meeting held on September 17, 2015.

Board's Leadership Structure and Role in Risk Oversight. The Board currently comprises five directors, three of whom the Board has determined satisfy the NASDAQ definition of independence: Edward Celano, Harvey Leibowitz, and David Slackman. Mr. Gary Stern serves as both as Chairman of the Board and President and Chief Executive Officer of the Company. The Board has determined that this dual role for Mr. Gary Stern is appropriate given the specific experience of Mr. Stern and characteristics and circumstances of the Company. Prior to becoming Chief Executive Officer, Mr. Gary Stern served as Vice President, Secretary, Treasurer and a director of Asta Group since 1980 and held other positions with Asta Group prior thereto. In such capacities, he has obtained substantial experience in distressed consumer credit analysis and receivables collections. In the view of the Board, Mr. Stern's combined longstanding experience as both a director of the Board and a leader in the distressed consumer credit analysis and receivables collections markets, our core businesses, make his dual role as Chairman of the Board and President and Chief Executive Officer appropriate.

Compensation Committee Matters

Compensation Committee. As of September 30, 2015, the Compensation Committee consisted of David Slackman (Chairman), Harvey Leibowitz and Ed Celano. The Compensation Committee is empowered by the Board of Directors to review the executive compensation of our officers and directors and to recommend any changes in compensation to the full Board of Directors. As noted above, all three members of the Compensation Committee have been determined to be independent within the meaning of SEC and NASDAQ regulations. As required under NASDAQ Rule 5605(d)(1), the Compensation Committee assesses the adequacy of its charter on an annual basis.

Compensation Committee Charter. The Board of Directors has adopted a Compensation Committee charter to govern its Compensation Committee. The Compensation Committee charter was filed as Appendix A to our 2015 proxy statement.

Table of Contents

Audit Committee Matters

Audit Committee. As of September 30, 2015, the Audit Committee consisted of Harvey Leibowitz (Chairman), David Slackman and Edward Celano. Mr. Slackman became a member of the Audit Committee effective as of January 1, 2015, replacing Mr. Badillo, who passed away in December 2014. The Audit Committee is empowered by the Board of Directors to, among other things: serve as an independent and objective party to monitor our financial reporting process, internal control system and disclosure control system; review and appraise the audit efforts of our independent accountants; assume direct responsibility for the appointment, compensation, retention and oversight of the work of the outside auditors and for the resolution of disputes between the outside auditors and our management regarding financial reporting issues; and provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors.

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

Audit Committee Charter. The Audit Committee performed its duties during Fiscal 2015 under a written charter approved by the Board of Directors. The Audit Committee charter was filed as Appendix B to our 2015 proxy statement.

Independence of Audit Committee Members. Our Common Stock is listed on the NASDAQ Global Select Market and we are governed by the listing standards applicable thereto. All members of the Audit Committee of the Board of Directors have been determined to be independent directors pursuant to the definition contained in Rule 5605(a)(2) of the NASDAQ Listing Rules and under the Rule 10A-3 under the Exchange Act.

Audit Committee Report. In connection with the preparation and filing of our Annual Report on Form 10-K for the fiscal year ended September 30, 2015:

- (1) The Audit Committee reviewed and discussed the audited financial statements with our management.
- (2) The Audit Committee discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communication with Audit Committees*.

The Audit Committee received and reviewed the written disclosures and the letter from our independent registered public accounting firm required by the Independence Standards Board Standard No. 1, as may be modified or supplemented, and discussed with our independent registered public accounting firm any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the 2015 Annual Report on Form 10-K.

Audit Committee Members:

Harvey Leibowitz (Chairman)

David Slackman

Edward Celano

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

Table of Contents

Nominating and Corporate Governance Committee Matters

Nominating and Corporate Governance Committee (Governance Committee). As of September 30, 2015, the Governance Committee consisted of Ed Celano (Chairman) and Harvey Leibowitz. (Mr. Badillo served as a member of the Governance Committee through his death on December 3, 2014.) The Governance Committee is empowered by the Board of Directors to, among other things, recommend to the Board of Directors qualified individuals to serve on our Board of Directors and to identify the manner in which the Governance Committee evaluates nominees recommended for the Board.

Independence of Governance Committee Members. Members of the Governance Committee of the Board of Directors have been determined to be independent directors pursuant to the definition contained in Rule 5605(a)(2) of the NASDAQ Listing Rules.

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

Qualifications. The charter and guidelines developed by the Governance Committee describe the minimum qualifications for nominees and the qualities or skills that are necessary for directors to possess. The Nominating and Corporate Governance Committee Charter is filed as Appendix A to this proxy statement. Each nominee:

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

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

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

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

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

Identification and Evaluation of Candidates for the Board. Candidates to serve on the Board of Directors will be identified from all available sources, including recommendations made by stockholders. The guidelines developed by the Governance Committee provide that there will be no differences in the manner in which the Governance Committee evaluates nominees recommended by stockholders and nominees recommended by the

Table of Contents

Committee or management, except that no specific process shall be mandated with respect to the nomination of any individuals who have previously served on the Board of Directors. The evaluation process for individuals other than existing Board members will include:

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

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

a personal interview of the candidate; and

a review of such other information as the Governance Committee shall determine to be relevant.

Third Party Recommendations. In connection with the Meeting, the Governance Committee did not receive any nominations from any stockholder or group of stockholders which owned more than 5% of our Common Stock for at least one year.

Diversity Considerations. We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the Board strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee our businesses.

Code of Ethics

We have adopted a written code of ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics is available without charge upon written request directed to Asta Funding, Inc., Attn: Robert J. Michel, 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, named executive officers and persons holding more than 10% of a registered class of the equity securities of the Company to file with the SEC and to provide us with initial reports of ownership, reports of changes in ownership and annual reports of ownership of Common Stock and other equity securities of the Company. Based solely on a review of the reports furnished to us, or written representations from reporting persons that all reportable transaction were reported, we believe that during the fiscal year ended September 30, 2015, our officers, directors and greater than ten percent owners timely filed all reports they were required to file under Section 16(a).

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information about our Common Stock that may be issued upon the exercise of options, warrants and rights under our 2012 Stock Option and Performance Award Plan, our Equity Compensation Plan and our 2002 Stock Option Plan, as of September 30, 2015.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column(a))
Equity Compensation Plans Approved by Stockholders	1,043,566	\$ 8.47	1,511,179
Equity Compensation Plans Not Approved by Stockholders			
Total	1,043,566	\$ 8.47	1,511,179

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Procedures for the Approval of Related Person Transactions

The Audit Committee Charter provides that the Audit Committee has the authority to establish, and communicate to the full Board and management, policies that restrict us and our affiliates from entering into related person transactions without the Audit Committee's prior review and approval. In accordance with these policies, the Audit Committee on a timely basis reviews and, if appropriate, approves all related person transactions.

At any time in which an executive officer, director or nominee for director becomes aware of any contemplated or existing transaction that, in that person's judgment may be a related person transaction, the executive officer, director or nominee for director is expected to notify the Chairman of the Audit Committee of the transaction. Generally, the Chairman of the Audit Committee reviews any reported transaction and may consult with outside legal counsel regarding whether the transaction is, in fact, a related person transaction requiring approval by the Audit Committee. If the transaction is considered to be a related person transaction, then the Audit Committee will review the transaction at its next scheduled meeting or at a special meeting of the committee.

Related Person Transactions

On December 28, 2011, we, through a newly-formed indirect subsidiary, ASFI Pegasus Holdings, LLC (APH), entered into a joint venture (the Venture) with Pegasus Legal Funding, LLC (PLF) to form Pegasus Funding, LLC (Pegasus) for a period of five (5) years (the Term) in accordance with an Operating Agreement between PLF and APH. The Venture will purchase interests in personal injury claims from claimants who are a party to a personal injury litigation with the expectation of a settlement in the future. In connection with the Venture, Piccolo Business Advisory which is owned by Louis Piccolo, a non-independent director of the Company, will receive a fee from Pegasus which is calculated at \$350,000 per \$10,000,000 loaned to Pegasus by Fund Pegasus, LLC, a subsidiary of the Company, up to a maximum of \$700,000, which fee is payable over eight years with payments being made in part from Pegasus's operating expenses during the Term and thereafter by PLF and its affiliates. Piccolo Business Advisory has been paid \$424,000 to date. One of our subsidiaries is advancing to Pegasus funds to cover Pegasus's operating expenses, which include payments to Piccolo Business Advisory. We expect these advances to be repaid by Pegasus after generating revenue from its litigation funding operations.

On September 17, 2015, the Company agreed to terms on a consulting agreement (the Consulting Agreement) for a two-year, \$80,000 contract with Piccolo Business Advisory. The Consulting Agreement provides that Piccolo Business Advisory will provide consulting services to us, which includes analysis of proposed debt and equity transactions, due diligence and financial analysis and management consulting services (Services). The compensation is to be paid quarterly. For the fiscal year ended September 30, 2015, the Company paid Mr. Piccolo approximately \$3,000 for the Services.

On July 1, 2015 Mr. Arthur Stern , former Chairman Emeritus of the Company, retired from the Board of Directors of the Company and became a consultant to the Company at a rate of \$150,000 per annum. The Company and Mr. Arthur Stern are in the process of finalizing the consulting agreement.

STOCKHOLDER PROPOSALS

If a stockholder desires to submit a proposal to fellow stockholders at our annual meeting to be held in 2017 and wishes to have it set forth in the corresponding proxy statement and identified in the corresponding proxy form prepared by management, in accordance with Rule 14a-8 under the Exchange Act, such stockholder must notify us of

such proposal in a writing received at our executive offices no later than October 15, 2016.

Table of Contents

Additionally, if requested timely and properly, a stockholder may submit a proposal for consideration at the 2017 Annual Meeting of Stockholders, but not for inclusion in our proxy statement and proxy for the 2016 Annual Meeting of Stockholders. In order for proposals made outside of Rule 14a-8 under the Exchange Act to be considered timely within the meaning of Rule 14a-4(c)(1) under the Exchange Act, such proposals must be received by us at our executive offices not later than October 15, 2016.

STOCKHOLDERS SHARING AN ADDRESS

Stockholders sharing an address with another stockholder may receive only one annual report or one set of proxy materials at that address unless they have provided contrary instructions. Any such stockholder who wishes to receive a separate copy of the annual report or a separate set of proxy materials now or in the future may write or call us to request a separate copy of these materials from: Asta Funding, Inc., 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632. We will promptly deliver a copy of the requested materials.

Similarly, stockholders sharing an address with another stockholder who has received multiple copies of our proxy materials may write to or call the above address and phone number to request delivery of a single copy of these materials.

OTHER MATTERS

The Board of Directors does not know of any matters, other than those referred to in the accompanying Notice of the Annual Meeting, to be presented at the Meeting for action by the stockholders. However, if any other matters are properly brought before the Meeting or any adjournments thereof, it is intended that votes will be cast with respect to such matters, pursuant to the proxies, in accordance with the best judgment of the person acting under the proxies.

We will provide without charge to each person being solicited by this proxy statement, on the written request of any such person, a copy of the Annual Report of the Company on Form 10-K, for the fiscal year ended September 30, 2015 (as filed with the SEC), including the financial statements thereto. All such requests should be directed to the Secretary of Asta Funding, Inc., 210 Sylvan Avenue, Englewood Cliffs, New Jersey 07632.

By Order of the Board of Directors

Robert J. Michel,

Chief Financial Officer and Secretary

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015 ACCOMPANIES THIS PROXY STATEMENT. THIS REPORT IS NOT TO BE REGARDED AS PROXY SOLICITING MATERIAL OR AS A COMMUNICATION BY MEANS OF WHICH ANY SOLICITATION IS TO BE MADE.

Table of Contents

Appendix A

ASTA FUNDING, INC.

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

I. STATEMENT OF PURPOSE

The purpose of the Nominating and Corporate Governance Committee (the **Committee**) of the Board of Directors (the **Board**) of Asta Funding, Inc. (the **Company**) is:

identifying qualified individuals for membership on the Board;

recommending to the board the director nominees for election at the next annual meeting of stockholders;

making recommendations to the Board regarding the size and composition of the Board and its committees;

monitoring the effectiveness of the Board; and

developing and implementing our corporate governance policies, including the implementation of the Company's principles of corporate governance attached as Attachment A (the **Principles of Corporate Governance**) and administration of the Company's whistle-blower policy for employees and on-site contractors attached as Attachment B (the **Whistle-Blower Policy**).

II. COMPOSITION OF THE COMMITTEE

The Committee:

shall consist of at least two members of the Board, the exact number to be established by the Board from time to time;

members shall consist solely of individuals who meet the independence standards set forth in Securities and Exchange Commission rules and in the listing standards applicable to the Company, unless the Board determines that an exemption to such qualification is available under applicable rules; and

members shall be appointed and may be removed by the Board.

III. RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Committee shall:

establish general criteria for identifying and selecting individuals who may be nominated for election to the Board, which criteria shall

reflect, at a minimum, all applicable laws, rules, regulations and listing standards applicable to the Company, and

include, without limitation, a potential candidate's experience, areas of expertise and other factors relative to the overall composition of the Board;

annually review the size, composition and needs of the board of directors and make recommendations to the Board;

recommend to the Board the director nominees for election at the next annual meeting of stockholders;

consider and recommend candidates for appointment to the Board to the extent vacancies arise between annual meetings of stockholders;

A-1

Table of Contents

consider director candidates submitted by stockholders, in accordance with guidelines developed by the Committee;

develop and implement an annual process for evaluating Director performance;

review and approve, where appropriate, related party transactions;

monitor the culture of ethical compliance;

annually review the Committee charter and recommend to the board any changes it deems necessary or desirable; and

review and assess the adequacy of the Company's corporate governance policies, including the implementation of the Principles of Corporate Governance and the Whistle-Blower Policy.

IV. MEETINGS OF THE COMMITTEE

The Committee shall meet as often as necessary to carry out its responsibilities, but not less than twice each year. A majority of the members of the Committee shall constitute a quorum.

V. ADDITIONAL AUTHORITY OF THE COMMITTEE

The Committee shall have the authority to do the following, in its discretion, to the extent it deems appropriate in carrying out its duties under this Charter and the Principles of Corporate Governance:

delegate any of its responsibilities to a subcommittee or subcommittees; and

retain outside counsel and other advisors.

Effective as of January 12, 2016

Table of Contents

ATTACHMENT A

Principles of Corporate Governance

Adopted by the Board of Directors

Purpose and Nature of Principles

These principles have been adopted by Board resolution as a definitive statement of the elements of governance by which the Board will manage its affairs. These principles will be reviewed and modified by the Board as needed on recommendation of the Nominating and Corporate Governance Committee.

1. *Responsibilities of the Board.* The Directors' most basic responsibility is to exercise their business judgment to act in a manner that they reasonably believe is in the best interest of the Company and its shareholders, and, in discharging this obligation, may rely on members of the Company's management and on the Company's outside advisors and auditors. Directors must fulfill their responsibilities consistent with their fiduciary duties to the Company's shareholders and in compliance with all applicable laws and regulations. Each Director must also comply with all of the Company's policies, including its Code of Ethics.

2. *Functions of the Board.* The Board has four scheduled meetings a year at which it reviews and discusses reports by management on the financial, as well as operating, performance of the company, its plans and prospects, as well as immediate issues facing the Company. In addition to its general oversight of management, the Board also performs a number of specific functions including:

- a. selecting and evaluating the CEO and overseeing CEO succession planning;
- b. ensuring processes are in place for maintaining the integrity of the company, the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

3. *Board Size.* It is the policy of the Company that the number of Directors not exceed or be less than a number that can function efficiently as a body.

4. *Director Independence.* It is the policy of the Company that the Board consists of a majority of independent Directors. The Nominating and Corporate Governance Committee of the Board shall determine director independence utilizing the definition of director independence established by NASDAQ.

5. *Committees.* It is the general policy of the Company that the Board as a whole considers all major decisions. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a publicly owned company. Currently these committees are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee recommends the members and chairs of these committees to the Board.

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are made up of only independent Directors as required by NASDAQ.

6. Board and Committee Self Evaluation. Annually, the Board and the committees of the Board shall discuss the performance of the Board and the committees during the year, focusing on the successes, as well as areas in which improvements would be beneficial to the performance of the Board.

7. Director Education. Each director is expected to participate in one or more director education programs regarding directors' legal duties and responsibilities over each two-year period of service.

Table of Contents

8. Presiding Director. On an annual basis, the non-employee Directors will select a non-employee member of the Board to serve as Presiding Director. The Presiding Director will chair executive sessions of the Board when the non-employee Directors meet without the Chairman and Chief Executive Officer and other inside Directors present. The Presiding Director will perform such other functions as the Board may direct, including, acting as an intermediary between the non-employee Directors and management when special circumstances exist or communication out of the ordinary course is necessary, participating in the performance evaluation of the Chief Executive Officer and reviewing the schedule of Board and Committee meetings and the agendas for Board meetings.

9. Board Meetings. Directors are expected to attend Board meetings and meetings of the Committees on which they serve, to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. Meetings should include presentations by management and, when appropriate, outside advisors or consultants, as well as sufficient time for full and open discussion. In addition to regularly scheduled Board meetings, the Audit Committee shall meet at least four times per year, the Compensation Committee shall meet at least one time per year and the Nominating and Corporate Governance Committee shall meet at least two times per year.

10. Written Materials. Written materials that are important to the Board's understanding of the agenda items to be discussed at a Board or Committee meeting should be distributed to the Directors sufficiently in advance of the meeting to allow the Directors the opportunity to prepare. Directors are expected to review these materials thoroughly in advance of the meeting.

11. Agenda for Board Meetings. The Chairman of the Board will set the agenda for Board meetings with the understanding that certain items necessary for appropriate Board oversight will be brought to the Board periodically for review, discussion and decision-making. The Presiding Director will have the opportunity to review the agenda for each Board meeting in advance of the meeting and may request changes, as he or she deems appropriate in order to ensure that the interests and requirements of the non-employee Directors are appropriately addressed. Any Director may request that an item be included on any meeting agenda.

12. Executive Sessions of Non-Employee Directors. The non-employee Directors will meet in regular executive sessions without any members of management present at least two times each year. The Presiding Director will chair these executive sessions.

13. Conflicts of Interest. Every employee and Director has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company or which may affect his or her loyalty to the Company. Each Director must deal at arm's length with the Company and should disclose to the Chairman or Presiding Director any conflict or any appearance of a conflict of interest. Any activity which even appears to present such a conflict must be avoided or terminated, unless after appropriate disclosure and discussion, it is determined that the activity is not harmful to the Company or otherwise improper.

14. Other Company Directorships. The Board recommends that, except in unusual circumstances, if a Director is employed full-time by a public company, such Director limit the number of boards on which he or she sits to the boards of two other public companies (in addition to the Company's Board and that of his or her employer). If the Director is not employed full-time by a public company, the Board recommends that, except in unusual circumstances, he or she sit on the boards of no more than four other public companies (in addition to the Company's Board). The Nominating and Corporate Governance Committee shall review on a case-by-case basis situations concerning significant involvement by a Director in non-profit or charitable organizations.

15. Change in Director Occupation. When a Director's principal occupation or business association changes substantially during his or her tenure as a Director, that Director shall tender his or her resignation for consideration

by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

A-4

Table of Contents

16. *Term Limits*. The Board does not endorse arbitrary term limits on Directors' service, nor does it believe in automatic annual renomination until they reach the mandatory retirement age. The Board self-evaluation process is an important determinant for continuing service.

17. *Succession Planning/Management Development Review*. The Board shall oversee the senior management development and succession planning process in order to ensure that the process is rigorous and effective. In furtherance of this objective, the Nominating and Corporate Governance Committee will focus upon succession planning for the Chairman/CEO and the Chairman/CEO will annually conduct a review of the Senior Management Team (the SMT) with the Nominating and Corporate Governance Committee. This review will be shared with the full Board in connection with its broader oversight responsibilities.

18. *Communication with Stakeholders*. The Chairman and CEO are responsible for establishing effective communications with the Company's stakeholder groups, i.e., shareholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners.

It is the policy of the Company that management speaks for the Company. This policy does not preclude outside Directors from meeting with shareholders, but it is suggested that in the majority of circumstances, any such meetings be held with management present.

Table of Contents

ATTACHMENT B
WHISTLE-BLOWER POLICY FOR EMPLOYEES AND ON-SITE CONTRACTORS
OF
ASTA FUNDING, INC.
AS ADOPTED BY THE COMPANY'S BOARD OF DIRECTORS

Asta Funding, Inc. and Subsidiary Companies (the Company) has established a procedure by which employees and on-site contractors can report to the Company allegations of known or suspected alleged Improper Activities (as hereinafter defined).

Improper Activities include, but are not limited to, (i) questionable accounting, internal accounting controls or auditing matters; (ii) disclosures in documents filed by the Company with the Securities and Exchange Commission (the SEC) and other public disclosures made by the Company that may not be complete or accurate; (iii) violations of any written policies of the Company as may be in effect from time to time; (iv) violations of federal or state securities laws or other laws applicable to the Company; (v) wire fraud, mail fraud, bank fraud, or any fraud against the Company's stockholders or under statute; (vi) forgery or alteration of documents; (vii) misappropriation or misuse of Company resources, such as funds or other assets; (viii) authorizing or receiving compensation for goods not received or services not performed; or (ix) any other activity by an employee or on-site contractor that is undertaken in the performance of the employee's or on-site contractor's official duties, whether or not that action is within the scope of his or her employment, and that is in violation of any state or federal law or regulation, or constitutes malfeasance, bribery, fraud, misuse of Company property, or willful omission to perform his or her duties, or involves gross misconduct.

Employees are encouraged to use the guidance provided by this policy for reporting Improper Activities in accordance with the following:

1. Reporting Requirement. All officers, directors and employees or outside contractors are required to report information concerning Improper Activities. Such reports are encouraged to be made in writing so as to assure a clear understanding of the issues, but may be oral. Such reports should be factual rather than speculative or conclusory, and should contain specific information to allow for proper assessment of the nature, extent and urgency of the issues raised in the report.

Reporting employees or on-site contractors should refrain from (i) obtaining evidence for which they do not have a right of access and (ii) conducting their own investigative activities.

It is the Company's policy that no employee or on-site contractor shall be subject to disciplinary or retaliatory action by the Company or any of its employees or agents or on-site contractors as a result of the employee's or on-site contractor's submitting a report hereunder. However, employees or on-site contractors who file reports of Improper Activities or provide evidence which they know to be false or without a reasonable belief in the truth and accuracy of such information will not be protected by the above policy statement and may be subject to disciplinary action and legal claims.

Reporting employees or on-site contractors that report Improper Activities on an anonymous basis must provide sufficient corroborating evidence to justify the commencement of an investigation. Unspecified wrongdoing or broad

allegations without verifiable evidentiary support may not lead to an investigation. Because of the inability of investigators to interview anonymous reporting employees or on-site contractors, it may be more difficult to evaluate the credibility of an Improper Activity and therefore, it is less likely that an investigation will be initiated.

2. Procedure for Reporting Improper Activities. To submit a report involving any known or suspected Improper Activity, an employee may call the Company's Nominating and Corporate Governance Committee Chairperson at (866) 869-5232, send an e-mail to ASFI@openboard.info or write to Mr. Edward Celano, Nominating and Corporate Governance Committee Chairperson. If the employee or on-site contractor submitting

Table of Contents

the complaint is uncomfortable for any reason addressing such concerns to the Company's Nominating and Corporate Governance Committee Chairperson the employee or on-site contractor may write to the Lead Independent Director of the Company's Board of Directors c/o the Company. Employees or on-site contractors are encouraged to provide as much specific information as possible including names, dates, places and events that took place, the employee's or on-site contractor's perception of why the incident(s) constitute an Improper Activity. Anonymous written or telephonic communications will be accepted. Reports submitted through this process that involve the Company's accounting, auditing, and internal auditing controls and disclosure practices will be presented by the Nominating and Corporate Governance Committee Chairperson to the full Nominating and Corporate Governance Committee of the Company's Board of Directors. An employee or on-site contractor may utilize this process either to raise new complaints or if he or she feels that a complaint previously raised has not been appropriately handled.

The Company's Nominating and Corporate Governance Committee Chairperson will report directly to the Nominating and Corporate Governance Committee of the Company's Board of Directors on matters arising under this Policy. The Nominating and Corporate Governance Committee Chairperson's responsibilities under this policy include:

Administering, implementing and overseeing ongoing compliance under the Policy.

Establishing, amending where necessary and administering procedures to assure that such reports of Improper Activities will be collected, reviewed promptly, treated or resolved in an appropriate manner, and retained.

Establishing, amending where necessary and administering procedures that enable employees to submit reports of Improper Activities and related concerns in a confidential and anonymous manner.

Ensuring that the individuals at the Company who are responsible for preparing and reviewing the Company's public filings with the SEC and other public disclosures are made aware of reports of Improper Activities involving the Company's accounting, auditing, and internal auditing controls or disclosure practices.

Table of Contents

PROXY

ASTA FUNDING, INC.

THIS

PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON

MARCH 9, 2016

The undersigned hereby appoints Gary Stern and Robert J. Michel, and each of them, attorneys and proxies with power of substitution, to vote for and on behalf of the undersigned at the Asta Funding, Inc. (the Company) Annual Meeting of Stockholders to be held on March 9, 2016 and at any adjournments or postponements thereof (the Meeting), upon the following matters and upon any other business that may properly come before the Meeting, as set forth in the related Notice of Meeting and Proxy Statement, both of which have been received by the undersigned.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF THIS PROXY IS EXECUTED BUT NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE BOARD S NOMINEES FOR DIRECTOR, AND FOR THE RATIFICATION OF WEISERMAZARS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF STOCKHOLDERS OF ASTA FUNDING, INC.

MARCH 9, 2016

PROXY SOLICITED BY THE BOARD OF DIRECTORS OF ASTA FUNDING, INC.

Please date, sign and mail your proxy card in the envelope provided as soon as possible, or vote on the internet at www.VOTEPROXY.com, using your company ID number and shareholder ID number.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on March 9, 2016. This proxy statement, the accompanying form of proxy card and our Annual Report on Form 10-K for the fiscal year ended September 30, 2015, including financial statements, are available on the internet at <http://www.proxydocs.com/asfi>. Under rules issued by the Securities and Exchange Commission, we are providing access to our proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of our proxy materials on the internet.

Please detach along perforated line and mail in the envelope provided.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 1 AND FOR PROPOSAL 2. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE "

1. Election of Directors:

“ FOR ALL NOMINEES

“ WITHHOLD AUTHORITY

FOR ALL NOMINEES
“ FOR ALL EXCEPT
(See instructions below)

NOMINEES:

- “ Gary Stern
- “ David Slackman
- “ Edward Celano
- “ Harvey Leibowitz
- “ Louis A. Piccolo

Table of Contents

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: "

2. Ratification of WeiserMazars LLP as Independent Registered Public Accounting Firm

For "	Against "	Abstain "
To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. "		

In their discretion, the above named proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof and upon matters incident to the conduct of the meeting. The Board of Directors is not aware of any such other matters.

THIS PROXY WILL BE VOTED AS DIRECTED. IF NOT OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE DIRECTOR NOMINEES NAMED ABOVE, OR IF ANY ONE OR MORE OF THE NOMINEES BECOMES UNAVAILABLE, FOR ANOTHER NOMINEE OR OTHER NOMINEES TO BE SELECTED BY THE BOARD OF DIRECTORS AND FOR WEISERMAZARS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Please sign this proxy and return it promptly whether or not you expect to attend this Meeting. You may nevertheless vote in person if you attend.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

NOTE: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.