

PENSON WORLDWIDE, INC.
subsidiaries include:

PENSON FINANCIAL SERVICES, INC.
 Dallas, Texas
 Member FINRA and SIPC

PENSON FINANCIAL SERVICES CANADA INC.
 Montreal
 Member Investment Dealers Association of Canada and CIPF

PENSON FINANCIAL SERVICES LTD.
 London
 Regulated by The Financial Services Authority
 Member London Stock Exchange

PENSON GHCO
 Chicago, Illinois
 Member National Futures Association

FIRST CAPITOL GROUP, LLC
 Platteville, Wisconsin
 Member National Futures Association

NEXA TECHNOLOGIES, INC.
 Irvine, California

PENSON ASIA LIMITED
 Hong Kong

PENSON
FINANCIAL SERVICES, INC.



**STATEMENT OF
 FINANCIAL CONDITION
 DECEMBER 31, 2007**

1700 Pacific Avenue
 Suite 1400
 Dallas, Texas 75201

Phone: 214.765.1100

Member:
 FINRA
 SIPC
 NASDAQ
 American Stock Exchange
 Chicago Stock Exchange
 Chicago Board Options Exchange
 International Securities Exchange
 NYSE Arca
 OneChicago
 Philadelphia Stock Exchange
 CBOE Stock Exchange

Participant:
 Boston Options Exchange

A Subsidiary of
 PENSON WORLDWIDE, INC.

Report of Independent Registered Public Accounting Firm

Stockholder and Board of Directors
 Penson Financial Services, Inc.
 Dallas, Texas

We have audited the accompanying statement of financial condition of Penson Financial Services, Inc. (the Company), as of December 31, 2007, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Penson Financial Services, Inc. as of December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

Dallas, Texas
 February 25, 2008

PENSON
FINANCIAL SERVICES, INC.

**Statement of Financial Condition
 December 31, 2007**

Assets	
Cash and cash equivalents	\$ 79,355,193
Cash and securities - segregated under federal and other regulations	1,231,025,182
Receivable from broker-dealers and clearing organizations	628,729,833
Receivable from customers and non-customers, net of allowance of \$5,804,553	928,148,655
Receivable from correspondents	460,360,613
Receivable from parent	22,682,401
Securities borrowed	2,033,537,457
Securities owned, at market value	53,601,027
Deposits with clearing organizations	220,742,243
Property and equipment, less accumulated depreciation of \$22,562,994	7,738,522
Other assets	23,943,824
Total assets	\$ 5,689,864,950

Liabilities and Stockholder's Equity	
Payable to customers and non-customers	\$ 2,218,980,805
Payable to correspondents	579,709,623
Short-term bank loans	237,175,000
Payable to broker-dealers and clearing organizations	645,475,506
Securities loaned	1,758,755,976
Securities sold, not yet purchased	39,854,425
Accounts payable, accrued expenses and other liabilities	37,890,980
Total liabilities	5,517,842,315
Stockholder's equity:	
Preferred stock	300,000
Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000
Additional paid-in capital	121,101,623
Retained earnings	50,620,012
Total stockholder's equity	172,022,635
Total liabilities and stockholder's equity	\$ 5,689,864,950

See accompanying notes to financial statements.

PENSON

Financial Services, Inc.

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Penson Financial Services, Inc. (the “Company”), a North Carolina corporation, is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”). All of the common stock of the Company is owned by SAI Holdings, Inc. (the “Parent”) which in turn is a wholly owned subsidiary of Penson Worldwide, Inc. (“PWT”). Certain broker-dealers own non-voting and non-participating preferred stock of the Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Securities Transactions – Proprietary securities transactions are recorded on a trade-date basis as if they had settled. Profit and loss arising from securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis and are included in other revenue in the statement of operations. Customer securities transactions are reported on a settlement-date basis with related commission income and expenses recorded on a trade-date basis and included in net revenues from clearing operations in the statement of operations.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition. All such pending transactions settled after December 31, 2007 without material adverse effect on the Company's results of operations and financial condition.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

Securities Lending Activities – Securities borrowed and securities loaned transactions are generally reported as collateralized financings except where letters of credit or other securities are used as collateral. Securities borrowed transactions require the Company to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, the Company receives in the form of cash an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Collateral – The Company reports assets it has pledged as collateral in secured borrowings and other arrangements when the secured party cannot sell or re-pledge the assets or the Company can substitute collateral or otherwise redeem it on short notice. The Company generally does not report assets received as collateral in secured lending and other arrangements because the debtor typically has the right to redeem the collateral on short notice.

Translation of Foreign Currencies – Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange, while the income statement accounts are translated at average rates of exchange for the year. Gains or losses resulting from foreign currency transactions are included in net income.

Income Tax – The Company is included in the consolidated federal income tax return filed by PWT. Federal income taxes are calculated as if the Company were to file on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from PWT. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

Property and Equipment – Property and equipment are stated at cost and consist primarily of purchased software of \$19,411,693 and furniture and equipment of \$10,889,823. Depreciation and amortization is generally provided on a straight-line basis using estimated useful lives of three to five years. Property and equipment balances are reviewed annually for impairment.

Cash Equivalents – The Company considers cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days that are not held for sale in the ordinary course of business.

Securities owned and securities sold, not yet purchased – The Company has reported its investments in securities owned and securities sold, not yet purchased at their fair or market values in the statement of financial condition. Unrealized gains or losses are included in earnings.

Allowance for Doubtful Accounts – The Company generally does not lend money to customers or correspondents except on a fully collateralized basis. When the value of that collateral declines, the Company has the right to demand additional collateral. In cases where the collateral loses its liquidity, the Company might also demand personal guarantees or guarantees from other parties. In valuing receivables that become less than fully collateralized, the Company compares the market value of the collateral and any additional guarantees to the balance of the loan outstanding. To the extent that the collateral, the guarantees and any other rights the Company has against the customer or the related introducing broker are not sufficient to cover any potential losses, then the Company records an appropriate allowance for doubtful accounts. The Company monitors every account that is less than fully collateralized with liquid securities every day. The Company reviews all such accounts on a monthly basis to determine if a change in the allowance for doubtful accounts is necessary. This specific, account-by-account review is supplemented by the risk management procedures that identify positions in liquid securities and other market developments that could affect accounts that otherwise appear to be fully collateralized. Risk management officers monitor market developments on a daily basis. The Company maintains an allowance for doubtful accounts that represents amounts, in the judgment of management, necessary to adequately absorb losses from known and inherent losses in outstanding receivables. Provisions made to this allowance are charged to operations based on anticipated recoverability. The allowance for receivables from customers was \$5,804,553 at December 31, 2007.

Fair Value of Financial Instruments – The financial instruments of the Company are reported on the statement of financial condition at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141(R), *Business Combinations*, (“SFAS No. 141(R)”), SFAS No. 141(R) requires the acquirer in a business combination to recognize the full fair value of assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity at the acquisition date, requires the expensing of acquisition-related costs, as well as the measurement of any contractual considerations and contingent consideration at fair value at the acquisition date. SFAS No. 141(R) applies to all transactions or other events in which the Company obtains control of on one or more businesses, including those sometimes referred to as “true mergers” or “mergers of equals” and combinations achieved without the transfer of consideration. This Statement is effective prospectively for business combinations for which the acquisition date is on or after January 1, 2009. The Company is currently evaluating the impact of adopting SFAS No. 141(R) on the Company's financial statements.

On February 15, 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* — Including an Amendment of *SFAS Statement No. 115* (“SFAS No. 159”). This standard permits companies to choose to measure many financial assets and liabilities and certain other items at fair value. A company will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option may be applied on an instrument-by-instrument basis, with several exceptions, such as those investments accounted for by the equity method, and once elected, the option is irrevocable unless a new election date occurs. The fair value option can be applied only to entire instruments and not to portions thereof. SFAS No. 159 is effective as of the beginning of a company's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the company makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact of adopting SFAS No. 159 on the Company's financial position, results of income and cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes valuation techniques for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In February 2008, the FASB issued a staff position that delays the effective date of SFAS No. 157 for all nonfinancial assets and liabilities except those recognized or disclosed at least annually. Except for the delay for nonfinancial assets and liabilities, SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating what impact, if any, SFAS No. 157 will have on its financial statements.

NOTE 3-SEGREGATED ASSETS

At December 31, 2007, cash and securities segregated under federal and other regulations totaled \$1,231,025,182. Of this amount, \$1,177,453,784 was segregated for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission, against a requirement as of December 31, 2007 of \$1,308,954,370. An additional deposit of approximately \$159,000,000 was made on January 3, 2008 as allowed by Rule 15c3-3. The remaining balance of \$53,571,398 at year-end relates to the Company's election to compute a reserve requirement for Proprietary Accounts of Introducing Broker-Dealers (“PAIB”) calculation, as defined. The PAIB calculation is completed in order for each correspondent firm that uses the Company as its clearing broker-dealer to classify its assets held by the Company as allowable assets in the correspondent's net capital calculation. As of December 31, 2007, the Company had no PAIB reserve requirement.

NOTE 4 - RECEIVABLE FROM AND PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATIONS

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2007, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Securities failed-to-deliver/receive	\$ 474,695,864	\$ 442,721,228
Receivable from/payable to clearing organizations	154,033,969	202,754,278
	<u>\$ 628,729,833</u>	<u>\$ 645,475,506</u>

NOTE 5 - RECEIVABLE FROM CUSTOMERS AND NONCUSTOMERS

Accounts receivable from and accounts payable to customers and noncustomers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for margin loans made to customers. Such collateral is not reflected on the statement of financial condition.

NOTE 6 - SECURITIES OWNED AND SOLD, NOT YET PURCHASED

Securities owned and securities sold, not yet purchased consist of equity investments made in publicly traded equities, government securities as well as investments in certificates of deposit, each with an original maturity of greater than 90 days as follows:

	<u>Owned</u>	<u>Sold Not Yet Purchased</u>
Corporate	\$ 44,098,652	\$ 39,854,425
Certificates of deposit	9,502,375	—
Total	<u>\$ 53,601,027</u>	<u>\$ 39,854,425</u>

In addition, the Company had \$342,222 of stock, included in other assets, that was deemed non-marketable.

NOTE 7 - PAYABLE TO BANKS

As of December 31, 2007, the Company's short-term bank loans consist of three uncommitted lines of credit with three financial institutions. Two of the lines of credit permit the Company to borrow in aggregate up to \$400,000,000 while one line does not have a specified borrowing limit. These lines of credit have no stated expiration dates.

The Company had \$237,175,000 outstanding at December 31, 2007. Customer loans of \$96,000,000 were collateralized by approximately \$182,526,000 of customers' margin account securities, correspondent loans of \$119,175,000 were

collateralized by approximately \$258,331,000 of correspondent securities and \$22,000,000 of firm loans were collateralized by approximately \$25,935,000 of securities owned by the Company. The borrowings under these agreements bear interest at a rate that varies with the federal funds rate, which approximated 4.4% at December 31, 2007 and are repayable on demand.

NOTE 8 - INCOME TAXES

Deferred income taxes consisted of the following:

Current deferred taxes:	
Bad debt allowance	\$ 4,155,000
Prepaid assets	(1,020,000)
Total	<u>3,135,000</u>
Non-current deferred taxes:	
Property and equipment	581,000
Total	<u>581,000</u>
Total	<u>\$ 3,716,000</u>

The Company is included in the consolidated federal and state tax returns filed by PWT. Therefore, the deferred tax asset is included in deferred tax from parent as of December 31, 2007. No valuation allowance at December 31, 2007 is necessary to reduce the receivable tax asset as it will more likely than not be realized by PWT.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. The analysis of the impact this Interpretation was performed on a consolidated basis as the Company is included in the consolidated federal income tax return filed by PWT.

NOTE 9 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

In the normal course of business, the Company purchases and sells securities as both principal and agent. If another party to the transaction fails to fulfill its contractual obligation, the Company may incur a loss if the market value of the security is different from the contract amount of the transaction.

The Company deposits customers' margin securities with lending institutions as collateral for borrowings. If a lending institution does not return a security, the Company may be obligated to purchase the security in order to return it to the customer. In such circumstances, the Company may incur a loss equal to the amount by which the market value of the security exceeds the value of the loan from the institution.

In the event a customer or broker fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's or broker's obligations. The Company seeks to control the risks associated with its customer or broker activities by requiring customers and brokers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires customers or brokers to deposit additional collateral or to reduce positions when necessary.

The Company's policy is to continually monitor its market exposure and counterparty risk. The Company does not anticipate nonperformance by counterparties and maintains a policy of reviewing the credit standing of all parties, including customers, with which it conducts business.

For customers introduced on a fully disclosed basis by other broker-dealers, the Company has the contractual right of recovery from such introducing broker-dealers in the event of nonperformance by the customer. In the event the customer or introducing broker does not perform, the Company is at risk of loss.

NOTE 10 - TRANSACTIONS WITH RELATED PARTIES

At December 31, 2007, the Company had a receivable of \$22,682,401 from SAI for payments made by the Company on behalf of SAI to support the operations of SAI and its affiliated companies. The balance is non-interest bearing and has no fixed terms of repayment. The Company paid \$3,836,467 to SAI for leased equipment during the year.

The Company collects fees from certain of its correspondents relating to their use of software products sold by technology companies owned by SAI. These fees are credited to SAI.

In 2007, Messrs. Engemoen and Gross, two of PWT's directors in 2007, were significant stockholders (directly or indirectly) in, and Mr. Engemoen served as the Chairman of the Board for, SAMCO Holdings, Inc. (“SAMCO”), which owns all of the outstanding stock or equity interests, as applicable, of each of SAMCO Financial Services, Inc. (“SAMCO Financial”), SAMCO Capital Markets, Inc. (“SAMCO Capital Markets”), and SAMCO-BD, LLC (“SAMCO-BD”). Mr. Engemoen continues to serve as a member of PWT's board of directors and to be, indirectly, a significant stockholder in, and serves as the Chairman of the Board for, SAMCO. Mr. Gross resigned as a member of PWT's board of directors as of January 10, 2008 and is no longer a director or officer of SAMCO or PWT, but remains a significant stockholder in SAMCO. The Company currently provides technology support and other similar services to SAMCO and provides clearing services, including margin lending, to the customers of SAMCO Capital Markets. The Company had provided clearing and margin lending services to customers of SAMCO Financial prior to SAMCO's termination of its broker-dealer status on December 31, 2006.

In 2007, certain customer claims against SAMCO and/or its affiliates, PWT and, in some cases, individuals including Messrs. Engemoen, Gross, Son and Pendergraft and two of PWT's subsidiaries, arising out of the operations of SAMCO and/or its affiliates, were resolved pursuant to settlement agreements. The cash payments made to resolve these claims were paid by SAMCO, PWT's director and officer liability insurance carrier and by certain individuals. In connection with the defense of those claims, in fiscal year 2007 PWT's subsidiaries collectively incurred approximately \$944,000 in legal expenses. As part of its agreements with PWT, certain SAMCO-affiliated entities are obligated to indemnify PWT for claims and related legal expenses incurred that arise out of their operations and operations of their affiliated entities. As a result of these arrangements, all such legal expenses were reimbursed by SAMCO. As of December 31, 2007 approximately \$444,000 in reimbursement claims were outstanding, all of which were paid subsequent to year end. There are other claims relating to these matters that remain pending against PWT and/or its affiliates that are subject to the above-noted indemnity obligations. PWT's Board has determined that any settlement of claims in connection with these matters will be subject to the

review and approval of PWT's Audit Committee. However, PWT does not expect that the amount of additional liabilities to be incurred prior to giving effect to its indemnity rights would result in any material adverse impact on the Company's financial position.

Technology support and similar services are provided to SAMCO pursuant to the terms of a Transition Services Agreement entered into between the Company and SAMCO on May 16, 2006. That agreement was entered into at arm's length and the Company believes it to be on market terms. Clearing services are provided to SAMCO Capital Markets pursuant to the terms of a clearing agreement entered into between the Company and SAMCO Capital Markets on May 19, 2005. That agreement was also entered into at arm's length and is similar to clearing agreements the Company enters into from time to time with other similarly situated counterparties. In 2007, the Company generated approximately \$210,000 in revenue from its provision of technology support and similar services to SAMCO and \$369,155 in revenue from its clearing relationship with SAMCO Capital Markets.

The Company sublets space to SAMCO Capital Markets at its principal offices at 1700 Pacific Avenue in Dallas, Texas and at One Penn Plaza, in New York, NY. For each sublease, SAMCO Capital Markets is required to pay the percentage of the rental expense the Company incurs equal to the percentage of space SAMCO Capital Markets occupies. The Company believes each sublease to be on market terms. In 2007, for occupying the 20th floor of the Company's Dallas office, SAMCO Capital Markets made payments totaling \$331,224 in rental expense to the landlord of that property. For occupying half of the 51st floor in the Company's New York office, SAMCO Capital Markets made payments totaling \$482,769 to the landlord of that property.

Pursuant to a master agreement the Company entered into with SAMCO-BD, the Company was afforded the opportunity to market its clearing services to certain occupants on the 14th floor of SAMCO-BD's 546 Fifth Avenue in New York, NY rental space. In 2007, the Company paid \$435,192 to SAMCO-BD in rental expenses for the opportunity to provide these services. That agreement was terminated effective as of December 31, 2007. SAMCO Capital Markets sublets space to the Company at 6805 Capital of Texas Highway, Suite 350, Austin, Texas, 78731 pursuant to a sublease agreement that the Company believes was entered into on market terms. In 2007, the Company paid \$113,711 to SAMCO Capital Markets for occupying office space in Austin.

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Company sponsors a defined contribution 401(k) employee benefit plan (the “Plan”) that covers substantially all employees. Under the Plan, the Company may make a discretionary contribution determined by the Board of Directors. All employees are eligible to participate in the Plan, based on meeting certain age and term of employment requirements. During 2007, the Company contributed \$1,044,103 to the Plan.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Company leases furniture and equipment, office space and certain other furniture and equipment under operating leases. Minimum noncancelable lease payments required under operating leases for the years subsequent to December 31, 2007, are as follows:

	<u>Amount</u>
2008	\$ 1,705,869
2009	1,650,909
2010	1,630,717
2011	1,610,455
2012	1,609,764
Thereafter	5,634,174
Total	<u>\$ 13,841,888</u>

The Company is named in various legal matters arising in the ordinary course of business. Management does not believe the resolutions of these matters will have a material impact on the Company's financial condition.

NOTE 13 – GUARANTEES

FASB Interpretation No. 45 (“FIN 45”), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FIN 45 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments for the guaranteed party based on changes in an underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or non-occurrence of a specified event) related to an asset, liability, or equity security of a guaranteed party. FIN 45 also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

The Company is a member of various exchanges that trade and clear securities. Associated with its membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the organization. While the rules governing different exchange memberships vary, in general the Company's guarantee obligations would arise only if the organization had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the organization. Any potential contingent liability under these membership agreements cannot be estimated. The Company has not recorded any contingent liability in the financial statements for these agreements and believes that any potential requirement to make payments under these agreements is remote.

NOTE 14 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit balances, as defined in the SEC's Reserve Requirement Rule (Rule 15c3-3). At December 31, 2007, the Company had net capital of \$106,745,813 and was \$83,763,605 in excess of its required net capital of \$22,982,208.