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PAULSON CAPITAL CORP

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 03/06/08 for the Period Ending 03/05/08

Address	7A COMMERCIAL WHARF WEST BOSTON, MA 02110
Telephone	617 624 0111
CIK	0001366340
Symbol	COIN
SIC Code	6211 - Security Brokers, Dealers, and Flotation Companies
Industry	Investment Services
Sector	Technology
Fiscal Year	12/31

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FORM 4

[ ] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2008
Estimated average burden hours per response... 0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

1. Name and Address of Reporting Person *	2. Issuer Name **and** Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
PAULSON CAPITAL CORP	**Converted Organics Inc. [COIN]**	
(Last) (First) (Middle) **811 SW NAITO PARKWAY, SUITE 200**	3. Date of Earliest Transaction (MM/DD/YYYY) **3/5/2008**	_____ Director __ **X** __ 10% Owner _____ Officer (give title below) __ **X** __ Other (specify below) **See Footnote (1)**
(Street) **PORTLAND, OR 97204** (City) (State) (Zip)	4. If Amendment, Date Original Filed (MM/DD/YYYY)	6. Individual or Joint/Group Filing (Check Applicable Line) ___ Form filed by One Reporting Person _ **X** _ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Trans. Date	2A. Deemed Execution Date, if any	3. Trans. Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	**3/5/2008**		**S**		**5000**	**D**	**$15.1874**	**6077**	**I**	**See Footnote** (1)
Common Stock	**3/6/2008**		**S**		**2000**	**D**	**$16.006**	**4077**	**I**	**See Footnote** (1)
Common Stock	**3/6/2008**		**S**		**2000**	**D**	**$16.50**	**2077**	**I**	**See Footnote** (1)
Common Stock	**3/6/2008**		**S**		**2077**	**D**	**$17.00**	**0**	**I**	**See Footnote** (1)
Common Stock	**3/6/2008**		**X**		**11077** (2)	**A**	**$6.60** (2)	**11077**	**I**	**See Footnote** (1)

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

1. Title of Derivate Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Class B Warrants (Right to buy Common Stock)	**$11.00**	**3/5/2008**		**S**			**5000**	**2/13/2007**	**2/12/2012**	**Common Stock**	**5000**	**$10.3996**	**624835**	**I**	**See Footnote** (1)
Class B Warrants (Right to buy Common Stock)	**$11.00**	**3/5/2008**		**S**			**2000**	**2/13/2007**	**2/12/2012**	**Common Stock**	**2000**	**$10.75**	**622835**	**I**	**See Footnote** (1)

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

1. Title of Derivate Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Class A Warrants (Right to buy Common Stock)	**$8.25**	**3/5/2008**		**S**			**5000**	**2/13/2007**	**2/12/2012**	**Common Stock**	**5000**	**$10.415**	**617835**	**I**	**See Footnote** (1)
Class A Warrants (Right to buy Common Stock)	**$8.25**	**3/5/2008**		**S**			**2000**	**2/13/2007**	**2/12/2012**	**Common Stock**	**2000**	**$11.25**	**615835**	**I**	**See Footnote** (1)
Class A Warrants (Right to buy Common Stock)	**$8.25**	**3/6/2008**		**S**			**1000**	**2/13/2007**	**2/12/2012**	**Common Stock**	**1000**	**$12.50**	**614835**	**I**	**See Footnote** (1)
Underwriter Warrants (Right to buy units) (2)	**$6.60**	**3/6/2008**		**X** (2)			**9113** (2)	**2/13/2008**	**2/12/2012**	**Common Stock and Warrants**	**29303**	**$0.00**	**585532**	**I**	**See Footnote** (1)
Class A Warrants (Right to buy Common Stock) (2)	**$8.25**	**3/6/2008**		**X** (2)		**9113** (2)		**2/13/2007**	**2/12/2012**	**Common Stock**	**9113**	**$6.60**	**594645**	**I**	**See Footnote** (1)
Class B Warrants (Right to buy Common Stock) (2)	**$11.00**	**3/6/2008**		**X** (2)		**9113** (2)		**2/13/2007**	**2/12/2012**	**Common Stock**	**9113**	**$6.60**	**603758**	**I**	**See Footnote** (1)

Explanation of Responses:

(1) Form filed by more than one reporting person. In addition to Paulson Capital Corp. (PLCC), the following are reporting parties: Chester L.F. Paulson, Jacqueline M. Paulson, Paulson Family LLC (LLC) and Paulson Investment Company, Inc. (PICI). These reporting parties collectively own over 10%. The address for each of the reporting parties is the same as that provided for PLCC. PICI is a registered broker-dealer and a wholly owned subsidiary of PLCC. Mr. and Mrs. Paulson are controlling managers of the LLC, which is a controlling shareholder of PLCC, which is the parent company of PICI. Mr. and Mrs. Paulson and the LLC expressly disclaim any beneficial ownership of securities held in the name of PLCC and PICI.

(2) These transactions result form the exercise of 9,113 underwriter warrants at a price of $6.60 per underwriter warrant. One (1) underwriter warrant is exercisable into one (1) share of common stock, one (1) class "A" warrant, and one (1) class "B" warrant. In addition, the issuer has declared four (4) separate 5% stock dividends on the common stock. Therefore, Paulson Investment Company, Inc. received 11,077 shares of common stock, 9,113 shares of class "A" warrants, and 9,113 shares of class "B" warrants.

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAULSON CAPITAL CORP 811 SW NAITO PARKWAY SUITE 200 PORTLAND, OR 97204		**X**		**See Footnote (1)**
PAULSON CHESTER L F 811 SW NAITO PARKWAY SUITE 200 PORTLAND, OR 97204		**X**		**See Footnote (1)**
PAULSON JACQUELINE M 811 SW NAITO PARKWAY SUITE 200 PORTLAND, OR 97204		**X**		**See Footnote (1)**

Signatures

Carol A. Rice, Attorney-in-Fact for Chester L.F. Paulson — **3/6/2008**

** Signature of Reporting Person — Date

Carol A. Rice, Authorized Agent for Paulson Capital Corp. — **3/6/2008**

** Signature of Reporting Person — Date

Carol A. Rice, Authorized Agent for Paulson Investment Co., Inc. — **3/6/2008**

** Signature of Reporting Person	Date
Carol A. Rice, Authorized Agent for Paulson Family LLC	**3/6/2008**
** Signature of Reporting Person	Date
Carol A. Rice, Attorney-in-Fact for Jacqueline M. Paulson	**3/6/2008**
** Signature of Reporting Person	Date

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

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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

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