VERISIGN INC/CA
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PROSPECTUS

Verisign, Inc.
Offer to exchange
$750,000,000 aggregate principal amount of 4.625% Senior Notes due May 1, 2023
(CUSIP Nos. 92343E AE2 and U9221B AA4)
for
$750,000,000 aggregate principal amount of 4.625% Senior Notes due May 1, 2023
(CUSIP No. 92343E AF9)
that have been registered under the Securities Act of 1933, as amended (the "Securities Act")

The exchange offer will expire at 11:59 p.m.,
New York City time, on October 4, 2013, unless extended.

We hereby offer, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which constitutes the "exchange offer"), to exchange up to $750,000,000 aggregate principal amount of our outstanding 4.625% Senior Notes due May 1, 2023 (CUSIP Nos. 92343E AE2 and U9221B AA4) (the "original notes") for a like principal amount of our 4.625% Senior Notes due May 1, 2023 that have been registered under the Securities Act (CUSIP No. 92343E AF9) (the "exchange notes"). When we use the term "notes" in this prospectus, the term includes the original notes and the exchange notes unless otherwise indicated or the context otherwise requires.
The terms of the exchange offer are summarized below and are more fully described in this prospectus.
The terms of the exchange notes are identical to the terms of the original notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
We will accept for exchange any and all original notes validly tendered and not validly withdrawn prior to 11:59 p.m., New York City time, on October 4, 2013, unless extended (the "expiration date").
You may withdraw tenders of original notes at any time prior to the expiration of the exchange offer.
We will not receive any proceeds from the exchange offer. The original notes surrendered in exchange for the exchange notes will be retired and cancelled and will not be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness.
The exchange of original notes for the exchange notes should not be a taxable event for U.S. federal income tax purposes.
No public market currently exists for the original notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market for the exchange notes is anticipated.
Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See “Risk Factors” beginning on page 12 to read about important factors you should consider before tendering your original notes.

We are not making an offer to exchange notes in any jurisdiction where the offer is not permitted.

Neither the Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 9, 2013.

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Except in “Description of Notes” and where the context otherwise requires, in this prospectus, the terms “Verisign,” “Company,” “us,” “we” and “our” refer to VeriSign, Inc. and its consolidated subsidiaries.

We are responsible for the information contained or incorporated by reference into this prospectus. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date of the document containing the information.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the SEC. See “Incorporation of Certain Documents by Reference.” Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

VeriSign, Inc.
12061 Bluemont Way
Reston, Virginia 20190
Attention: Investor Relations
(703) 948-3200

In order to obtain timely delivery of such materials, you must request information from us no later than five business days prior to the expiration date of the exchange offer.

FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference certain statements that may constitute forward-looking statements. These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our anticipated costs and expenses and revenue mix. Forward-looking statements include, among others, those statements including the words “expects,” “anticipates,” “intends,” “believes” and similar language. Our actual results may differ significantly from those projected in the forward-looking statements.

These statements involve risks and uncertainties that could cause Verisign’s actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, the uncertainty of whether the DOC will approve any exercise by the Company of its right to increase the price per .com domain name, under certain circumstances, the uncertainty of whether the Company will be able to demonstrate to the DOC that market conditions warrant removal of the pricing restrictions on .com domain names and the uncertainty of whether we will experience other negative changes to our pricing terms; the failure to renew key agreements on similar terms, or at all; the uncertainty of future revenue and profitability and potential fluctuations in quarterly operating results due to such factors as restrictions on increasing prices under the .com Registry Agreement, increasing competition, pricing pressure from competing services offered at prices below our prices and changes in marketing and advertising practices, including those of third-party registrars; changes in search engine algorithms and advertising payment practices; challenging global economic conditions; challenges to ongoing privatization of Internet administration; the outcome of legal or other challenges resulting from our activities or the activities of registrars or registrants, or litigation generally; new or existing governmental laws and regulations; changes in customer behavior, Internet platforms and web-browsing patterns; the uncertainty of whether Verisign will successfully develop and market new services; the uncertainty of whether our new services will achieve market acceptance or result in any revenues; system interruptions; security breaches; attacks on the Internet by hackers, viruses, or intentional acts of vandalism; whether Verisign will be able to continue to expand its infrastructure to meet demand; the uncertainty of the expense and timing of requests for indemnification, if any, relating to completed divestitures; and the impact of the introduction of new gTLDs, any delays in their introduction, the impact of the ICANN’s Registry Agreement for new gTLDs, and whether our gTLD applications or the applicants' gTLD applications for which we have contracted to provide back-end registry services will be successful. More information about potential factors that could affect the Company’s business and financial results is included in the Company’s filings with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2012, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which are incorporated by reference herein. Verisign undertakes no obligation to update any of the forward-looking statements after the date of this prospectus.

MARKET AND INDUSTRY DATA

This prospectus includes and incorporates by reference market share, industry data and forecasts that we obtained from industry publications, surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on market data currently available to us, management's estimates and assumptions we have made regarding the size of our markets within our industry. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" elsewhere in this prospectus and incorporated by reference herein. We cannot guarantee the accuracy or completeness of such information contained or incorporated by reference in this prospectus.

TRADEMARKS

VERISIGN, the VERISIGN logo, and certain other product or service names are registered or unregistered trademarks in the U.S. and other countries. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, service marks and trade names. Other trademarks, service marks and trade names used in this prospectus may be trademarks of their respective owners.

ZONE INFORMATION

Pursuant to our agreements with ICANN, Verisign makes available on its website (at www.VerisignInc.com/zone) files containing all active domain names registered in the .com and .net registries. At the same website address, Verisign makes available a summary of the number of active domain names registered in the .com and .net registries and the number of .com and .net domain names that are registered but are not configured for use. These files and the related summary data are updated at least once per day. The update times may vary each day. The summary data provided on the website includes domain names that, at the time of publication, were recently purchased and subject to a five day grace period during which the domain names may be deleted and a credit may be issued to a registrar (the "add grace period"). The number of active domain names subject to the add grace period is typically immaterial. The number of active domain names provided in this prospectus are the numbers as of midnight of June 30, 2013 and include domain names registered but not configured for use, and do not include domain names subject to the add grace period and therefore cannot be compared to the summary posted on our website. The information available on, or accessible through, this website is not incorporated herein by reference.

CERTAIN TERMS USED IN THIS PROSPECTUS

Unless otherwise noted or indicated by the context, the following terms used in this prospectus have the following meanings:

".com Registry Agreement" means the .com Registry Agreement entered into on November 29, 2012 between ICANN and Verisign.

".net Registry Agreement" means the .net Registry Agreement entered into on June 27, 2011 between ICANN and Verisign.

"Amendment 32" means the Amendment Number Thirty-Two (32) to the Cooperative Agreement between Verisign and the DOC, effective November 29, 2012.

"ATOP" means DTC's Automated Tender Offer Program.

"ccTLDs" means country code top level domains.

"Cooperative Agreement" means the Cooperative Agreement between Verisign and the DOC, effective December 12, 2012.

"DDoS" means Distributed Denial of Service.

"DNSSEC" means DNS Security Extensions.

"DOC" means the U.S. Department of Commerce.

"GSA" means the U.S. General Services Administration.

"gTLDs" means generic top level domains.

"ICANN" means the Internet Corporation for Assigned Names and Numbers.

"iDefense" means Verisign iDefense Security Intelligence Services.

"IDN" means internationalized domain name.

"IP" means Internet Protocol.

"Managed DNS" means Managed Domain Name System.

"NIA" means Network Intelligence and Availability.

"RAA" means ICANN's new Registry Accreditation Agreement.

"Registry Services" means our domain name registry services business.

"Shared Registration System" means the shared registration system that allows all registrars to enter new second-level domain names into the master directory and to submit modifications, transfers, re-registrations and deletions for existing second-level domain names.

"TLDs" means top level domains.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC’s website at http://www.sec.gov. Please note that the SEC’s website is included in this prospectus as an inactive textual reference only. The information contained on the SEC’s website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus, except as described in the following paragraph. You may also read and copy any document we file with the SEC at its public reference facility at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility.

The SEC allows us to “incorporate by reference” information into this prospectus, which means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is considered part of this prospectus and information filed with the SEC subsequent to this prospectus and prior to the termination of the exchange offer referred to in this prospectus will automatically be deemed to update and supersede this information. We incorporate by reference into this prospectus the documents listed below (excluding any portions of such documents that have been “furnished” but not “filed” for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act")):

- Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 28, 2013;
- Portions of the Definitive Proxy Statement on Schedule 14A filed on April 9, 2013 that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 28, 2013;
- Quarterly Reports on Form 10-Q for the quarter ended March 31, 2013, filed on April 25, 2013, and for the quarter ended June 30, 2013, filed on July 25, 2013; and
- Current Reports on Form 8-K filed on March 5, 2013, March 21, 2013, March 28, 2013, April 8, 2013, April 11, 2013, April 17, 2013, April 25, 2013, May 24, 2013 and July 25, 2013.

We also incorporate by reference any future filings made by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between, and including, the date of this prospectus and the date the offering is terminated, with the exception of any information furnished under Item 2.02 and Item 7.01 of Form 8-K (including related exhibits), which is not deemed filed and which is not incorporated by reference herein. Any such filings shall be deemed to be incorporated by reference and to be a part of this prospectus from the respective dates of filing of those documents.

We will provide without charge upon written or oral request to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any and all of the documents which are incorporated by reference in this prospectus but not delivered with this prospectus (other than exhibits unless such exhibits are specifically incorporated by reference in such documents).

You may request a copy of these documents by writing or telephoning us at:

VeriSign, Inc.
12061 Bluemont Way
Reston, Virginia 20190
Telephone: (703) 948-3200
Attn: Investor Relations

In order to obtain timely delivery of such materials, you must request information from us no later than five business days prior to the expiration of the exchange offer.

SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus and those documents contained elsewhere and incorporated by reference into the prospectus, including the risk factors and the financial statements and related notes, before making an investment decision.

The Company

We are a global provider of domain name registry services which power the navigation of the Internet by operating a global infrastructure for a portfolio of top-level domains ("TLDs") that includes .com, .net, .tv, .edu, .gov, .jobs, .name and .cc as well a two of the world's 13 Internet root servers ("Registry Services"). Our product suite also includes Network Intelligence and Availability ("NIA") Services consisting of Distributed Denial of Service ("DDoS") Protection Services, Verisign iDefense Security Intelligence Services ("iDefense") and Managed Domain Name System ("Managed DNS") Services. We have one reportable segment consisting of Registry Services and NIA Services.

Verisign was incorporated in Delaware on April 12, 1995. We have operations inside as well as outside the United States. Our principal executive offices are located at 12061 Bluemont Way, Reston, Virginia 20190. Our telephone number at that address is (703) 948-3200. Our common stock is traded on the NASDAQ Global Select Market under the ticker symbol VRSN. Our primary website is www.VerisignInc.com. The information available on, or accessible through, this website is not incorporated in this prospectus by reference.

Registry Services

Registry Services operates the authoritative directory of all .com, .net, .cc, .tv, and .name domain names and the back-end systems for all .gov, .jobs and .edu domain names. Registry Services allows individuals and entities to establish their online identities used for email, websites and other purposes, while providing the secure, always-on access they need to communicate and transact reliably with large-scale online audiences.

We are the exclusive registry of domain names within the .com, .net and .name generic top level domains ("gTLDs") under agreements with the Internet Corporation for Assigned Names and Numbers ("ICANN") and also, with respect to the .com Registry Agreement, the U.S. Department of Commerce ("DOC"). As a registry, we maintain the master directory of all second-level domain names in these TLDs (e.g., johndoe.com and janedoe.net). Our global constellation of domain name servers provides Internet Protocol ("IP") address information in response to queries, enabling the use of email systems, browsers and other systems on the Internet. In addition, we own and maintain the shared registration system that enables registrars to enter new second-level domain names into the master directory and to submit modifications, transfers, re-registrations and deletions for existing second-level domain names ("Shared Registration System").

Separate from our agreements with ICANN, we have agreements to be the exclusive registry for the .tv and .cc country code top level domains ("ccTLDs") and to operate the back-end registry systems for the .gov, .jobs and .edu gTLDs. These TLDs are also supported by our global constellation of domain name servers, as applicable, and the Shared Registration System.

With our existing gTLDs and ccTLDs, we also provide internationalized domain name ("IDN") services that enable Internet users to access websites in characters and scripts representing their local language. Currently, IDNs may be registered, representing as many as 350 different native languages and scripts.

Domain names can be registered for between one and 10 years, and the fees charged for .com and .net may only be increased according to adjustments prescribed in our agreements with ICANN over the applicable term. With respect to .com, price increases require prior approval by the DOC according to the terms of Amendment 32 of the Cooperative Agreement between the DOC and Verisign. Revenues for registrations of .name are not subject to the pricing restrictions applicable to either .com and .net; however, .name fees charged are subject to our agreement with ICANN over the applicable term. Revenues for .cc and .tv domain names are based on a similar fee system and registration system, though the fees charged are not subject to the same pricing restrictions as those imposed by ICANN. The fees received from operating the .gov registry are based on the terms of Verisign's agreement with the U.S. General Services Administration ("GSA"). The fees received from operating the .jobs registry infrastructure are based on the terms of Verisign's agreement with the registry operator of .jobs. No fees are received from operating the .edu registry infrastructure.

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NIA Services

NIA Services provides infrastructure assurance to organizations and is comprised of iDefense, Managed DNS and DDoS Protection Services.

iDefense provides 24 hours a day, every day of the year, access to cyber intelligence related to vulnerabilities, malicious code, and global threats. Our teams enable companies to improve vulnerability management, incident response, fraud mitigation, and proactive mitigation of the particular threats targeting their industry or global operations. Customers include financial institutions, large corporations, and governmental and quasi-governmental organizations. Customers pay a subscription fee for iDefense.

Managed DNS is a hosting service that delivers DNS resolution, improving the availability of web-based systems. It provides DNS availability through a globally distributed, securely managed, cloud-based DNS infrastructure, enabling enterprises to save on capital expenses associated with DNS infrastructure deployment and to reduce operational costs and complexity associated with DNS management. Managed DNS service provides full support for DNS Security Extensions (“DNSSEC”) compliance features and Geo Location traffic routing capabilities. DNSSEC is designed to protect the DNS infrastructure from man-in-the-middle attacks that corrupt, or poison, DNS data. Geo Location allows website owners to customize responses for end-users based on their physical location or IP address, giving them the ability to deliver location-specific content. Customers include financial institutions, e-Commerce, and Software-as-a-service providers. Customers pay a subscription fee that varies based on the amount of DNS traffic they receive.

DDoS Protection Services supports online business continuity by providing monitoring and mitigation services against DDoS attacks. We help companies stay online without needing to make significant investments in infrastructure or establish internal DDoS expertise. As a cloud-based service, it can be deployed quickly and easily, with no customer premise equipment required. This saves time and money through operational efficiencies, support cost, and economies of scale to provide detection and protection against the largest DDoS attacks. Customers include financial institutions and e-commerce providers. Customers pay a fee that varies based on the customer’s requirements.

Corporate Structure

The following chart summarizes our corporate structure as of August 1, 2013:

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(1) VeriSign, Inc. is the issuer of the notes and the borrower under the Unsecured Credit Facility (as defined below).

(2) Indicates non-guarantor subsidiaries.

Summary of the Exchange Offer

Background	On April 16, 2013, we issued $750.0 million aggregate principal amount of 4.625% Senior Notes due May 1, 2023. As part of this issuance, we entered into a registration rights agreement, dated as of April 16, 2013, with respect to the original notes with the initial purchasers, in which we agreed, among other things, to deliver this prospectus to you and to use commercially reasonable efforts to complete an exchange offer for the original notes. On July 31, 2013, we merged VeriSign Information Services, Inc., which was previously the sole guarantor of the original notes, into VeriSign, Inc.
Securities Offered	$750.0 million aggregate principal amount of 4.625% Senior Notes due May 1, 2023 that have been registered under the Securities Act. The form and terms of these exchange notes are identical to the original notes except for the issue date and that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
Exchange Offer	We are offering to exchange up to $750.0 million aggregate principal amount of the outstanding original notes for like principal amount of the exchange notes. You may tender original notes only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. We will issue the exchange notes promptly after the expiration of the exchange offer. In order to be exchanged, an original note must be validly tendered, not validly withdrawn and accepted. Subject to the satisfaction or waiver of the conditions of the exchange offer, all original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, $750.0 million aggregate principal amount of original notes is outstanding. The original notes were issued under the indenture, dated as of April 16, 2013, between Verisign, each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (the "Trustee") (the "Indenture"). If all outstanding original notes are tendered for exchange, there will be $750.0 million aggregate principal amount of 4.625% Senior Notes due May 1, 2023 (that have been registered under the Securities Act) outstanding after this exchange offer.
Expiration Date; Tenders	The exchange offer will expire at 11:59 p.m., New York City time, on October 4, 2013, which is the twentieth business day of the offering period, unless we extend the period of time during which the exchange offer is open. In the event of any material change in the offer, we will extend the period of time during which the exchange offer is open if necessary so that at least five business days remain in the exchange offer period following notice of the material change. By agreeing to be bound by the letter of transmittal, you will represent, among other things, that: • you are not an affiliate of ours within the meaning of Rule 405 of the Securities Act ("affiliate"); • you are acquiring the exchange notes in the ordinary course of your business; • you are not participating, do not intend to participate, and have no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and

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	• if you are a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, you will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes. For further information regarding resales of the exchange notes by broker-dealers, see "Plan of Distribution."
Settlement Date	The settlement date of the exchange offer will be as soon as practicable after the expiration date.
Accrued Interest on the Exchange Notes and Original Notes	We will not pay any accrued and unpaid interest on the original notes that we acquire in the exchange offer. Instead, interest on the exchange notes will accrue (a) from the later of (i) the last interest payment date on which interest was paid on the original notes surrendered in exchange for the exchange notes or (ii) if the original notes are surrendered for exchange on a date in the period between the record date and the corresponding interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date, or (b) if no interest has been paid, from and including April 16, 2013, the original issue date of the original notes.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes and extend the exchange offer period if necessary so that at least five business days remain in the exchange offer period following notice of any such material change. See "The Exchange Offer—Conditions to the Exchange Offer" for more information regarding conditions to the exchange offer.
Procedures for Tendering Original Notes	To participate in the exchange offer, you must follow the DTC's automatic tender offer program ("ATOP") procedures for tendering the original notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration date, a computer-generated message known as an "agent's message" (as defined in "The Exchange Offer—Procedures for Tendering") that is transmitted through ATOP and that DTC confirm that: • DTC has received instructions to exchange your original notes; and • You agree to be bound by the terms of the letter of transmittal. See "The Exchange Offer—Procedures for Tendering."
Special Procedures for Beneficial Holders	If you are a beneficial holder of original notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender in the exchange offer, you should promptly contact the person in whose name your original notes are registered and instruct that nominee to tender on your behalf. See "The Exchange Offer—Procedures for Tendering."
Withdrawal rights	Tenders may be withdrawn at any time before 11:59 p.m., New York City time, on the expiration date. See "The Exchange Offer—Withdrawal Rights."

Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section "The Exchange Offer—Conditions to the Exchange Offer" of this prospectus, we will accept for exchange any and all original notes that are properly tendered in the exchange offer and not validly withdrawn before 11:59 p.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See "The Exchange Offer—Acceptance of Original Notes for Exchange; Delivery of Exchange Notes."
Material U.S. Federal Tax Consequences	Your exchange of original notes for exchange notes pursuant to the exchange offer should not be a taxable event for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Consequences."
Exchange Agent	U.S. Bank National Association is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offer—Exchange Agent."
Use of Proceeds; Expenses	We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. We have agreed to pay all expenses incident to the exchange offer other than brokerage commissions and transfer taxes, if any.
Resales	Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under this exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offer for the purpose of distributing any of the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offer and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements. Any broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities must deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.
Consequences of Failure to Exchange Original Notes	If you do not exchange your original notes in the exchange offer, you will continue to be subject to the restrictions on transfer described in the legend on your original notes. In general, you may offer or sell your original notes only: • if they are registered under the Securities Act and applicable state securities laws; • if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or • if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

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	Although your original notes will continue to accrue interest, they will generally retain no rights under the registration rights agreement. Except as required by the registration rights agreement, we do not intend to register resales of the original notes under the Securities Act. Under some circumstances, holders of the original notes, including holders that are not permitted to participate in the exchange offer or that may not freely sell exchange notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of original notes by these holders. For more information regarding the consequences of not tendering your original notes and our obligations to file a shelf registration statement, see "The Exchange Offer—Consequences of Exchanging or Failing to Exchange the Original Notes" and "The Exchange Offer—Registration Rights Agreement."
Risk Factors	For a discussion of significant factors you should consider carefully before deciding to participate in the exchange offer, see "Risk Factors" beginning on page 12 of this prospectus.

Summary of the Terms of the Exchange Notes

The following is a summary of the terms of the exchange notes. The form and terms of the exchange notes are identical to those of the original notes except for the issue date and that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. The exchange notes will evidence the same debt as the corresponding series of original notes and will be governed by the same indenture. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the exchange notes, see "Description of Notes."

Issuer	VeriSign, Inc.
Securities Offered	$750.0 million aggregate principal amount of 4.625% Senior Notes due 2023.
Maturity Date	May 1, 2023.
Interest Rate	4.625% per year.
Interest Payment Dates	May 1 and November 1, commencing November 1, 2013. We will not pay any accrued and unpaid interest on the original notes that we acquire in the exchange offer. Instead, interest on the exchange notes will accrue (a) from the later of (i) the last interest payment date on which interest was paid on the original notes surrendered in exchange for the exchange notes or (ii) if the original notes are surrendered for exchange on a date in the period between the record date and the corresponding interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date, or (b) if no interest has been paid, from and including April 16, 2013, the original issue date of the original notes.
Optional Redemption	The notes will be redeemable at our option, in whole or in part, at any time on or after May 1, 2018, at the redemption prices set forth in this prospectus, together with accrued and unpaid interest, if any, to the date of redemption. At any time prior to May 1, 2018, we may also redeem some or all of the notes at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium. At any time prior to May 1, 2016, we may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of certain equity offerings at a redemption price of 104.625% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption. See "Description of Notes—Optional Redemption."
Change of Control Offer	Upon the occurrence of specific kinds of changes of control and if the notes are rated below investment grade by both rating agencies that rate the notes, you will have the right, as holders of the notes, to cause us to repurchase some or all of your notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of Notes—Change of Control Triggering Event."

Note Guarantees	On July 31, 2013, we merged VeriSign Information Services, Inc., which was previously the sole guarantor of the original notes, into VeriSign, Inc. One or more of our Restricted Subsidiaries (as defined herein) may, in the future, be required to guarantee the notes as provided under "Description of Notes—Future Subsidiary Guarantors" (the "subsidiary guarantors"). Under certain circumstances, subsidiary guarantors may be released from their note guarantees without the consent of the holders of notes. See "Description of Notes—Subsidiary Guarantees."
Ranking	The notes and the note guarantees will be our and the subsidiary guarantors' (if any) senior unsecured obligations and will: • rank senior in right of payment to all of our and the subsidiary guarantors' (if any) existing and future subordinated indebtedness, including our subordinated convertible debentures ("Subordinated Convertible Debentures"); • rank equally in right of payment with all of our and the subsidiary guarantors' (if any) existing and future senior indebtedness, including our obligations under our unsecured credit facility ("Unsecured Credit Facility") and the subsidiary guarantors' (if any) respective borrowings or guarantees thereunder; • be effectively subordinated to any of our and the subsidiary guarantors' (if any) future secured debt to the extent of the value of the assets securing such debt; and • be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the notes. As of June 30, 2013, we had no outstanding indebtedness for money borrowed that was secured, no outstanding borrowings under our Unsecured Credit Facility and $1,356.3 million of total outstanding indebtedness, including the $606.3 million carrying value of the liability component of the $1.25 billion aggregate principal amount of our Subordinated Convertible Debentures and the related embedded contingent interest derivative. As of June 30, 2013, our non-guarantor subsidiaries collectively had (1) liabilities (excluding intercompany liabilities) of $316.5 million (11.3% of our consolidated total liabilities), of which $270.7 million were deferred revenues, (2) assets (excluding intercompany assets) of $1,409.2 million (55.8% of our consolidated total assets), of which $1,370.8 million were cash, cash equivalents and marketable securities primarily held by foreign subsidiaries and (3) assets (excluding cash, cash equivalents and marketable securities, and intercompany assets) of $38.4 million (7.3% of our consolidated total assets, excluding cash, cash equivalents and marketable securities). On July 31, 2013, we merged VeriSign Information Services, Inc., which was previously the sole guarantor of the original notes, into VeriSign, Inc. For the twelve months ended June 30, 2013, our non-guarantor subsidiaries collectively had Covenant Adjusted EBITDA of $215.2 million (34.4% of our consolidated Covenant Adjusted EBITDA), which includes intercompany transactions with the Company. Such intercompany transactions represent the majority of our non-guarantor subsidiaries' aggregate expenses. The calculation of Covenant Adjusted EBITDA is based on the definition of

"Adjusted EBITDA" in our Indenture as provided under "Description of Notes—Certain Definitions."

Certain Covenants	We will issue the exchange notes under the Indenture with U.S. Bank National Association as trustee. The Indenture relating to the notes, among other things, limits our ability and the ability of our Restricted Subsidiaries to: • make restricted payments; • enter into sale/leaseback transactions; • incur liens; and • consolidate, merge or sell all or substantially all of our assets. These covenants will be subject to a number of important exceptions and qualifications. For more information, see "Description of Notes—Certain Covenants." The limitation on restricted payments covenant will only apply when the ratio of the Company's total debt to Covenant Adjusted

EBITDA for the most recent four consecutive fiscal quarters for which financial statements are available exceeds 4.0 to 1.0. See "Description of Notes—Limitation on Restricted Payments."

As of June 30, 2013, the ratio of the Company's total debt to Covenant Adjusted EBITDA was 3.2 to 1.0. Total debt used in calculating this ratio includes the full $1.25 billion principal amount outstanding of the Subordinated Convertible Debentures. The calculation of Covenant Adjusted EBITDA is based on the definition of "Adjusted EBITDA" in our Indenture as provided under "Description of Notes—Certain Definitions."

Use of Proceeds

We will not receive any proceeds from the exchange offer. In consideration for issuing exchange

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notes, we will receive in exchange the original notes of like principal amount. The original notes surrendered in exchange for exchange notes will be retired and cht width=10% nowrap> (48,067

Conferences deposits		403,362		148,39
Net cash (used in) provided by operating activities		(7,821,532)		10,987,20
Cash flows from investing activities				
Purchases of property and equipment		(254,005)		(89,28
Acquisition of Miller & Mathis LLC		(4,508,065)		
Purchases of trademark		(7,875)		
Acquisition of COSCO Capital Management LLC		(6,947,309)		
Purchase of customer relationship intangible asset		(5,000,000)		
Net cash used in investing activities		(16,717,254)		(89,28
Cash provided by (used in) financing activities				
Proceeds from issuance of senior convertible debentures and warrants		-		20,000,00
Deferred financing costs		-		(1,070,03
Purchase of treasury stock		(988,831)		
Distributions to members		(1,440,000)		(12,475,00
Net cash (used in) provided by financing activities		(2,428,831)		6,454,96
Net (decrease) increase in cash and cash equivalents		(26,967,617)		17,352,94
Cash and cash equivalents beginning of period		54,834,189		10,386,80
Cash and cash equivalents end of period	$	27,866,572	$	27,739,8
Supplemental disclosures of cash flow information				
Income taxes paid	$	175,000	$	520,94
Non-cash investing and financing activities				
Distribution of beneficial interest in securities	$	-	$	10,133,92
Accrued liabilities related to the Acquisitions of Miller Mathis and COSCO	$	4,950,000	$	
Additional paid-in-capital related to acquisition of COSCO	$	1,497,663	$	
Issuance of restricted stock to former equity holders of COSCO	$	1,121	$	
Issuance of restricted stock to employees	$	1,470	$	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - Organization, Nature of Operations and Basis of Presentation

Rodman & Renshaw Capital Group, Inc. (the Company) is a Delaware holding company which, through its various subsidiaries, is engaged in the investment banking business. The Companys principal operating subsidiary is Rodman & Renshaw, LLC (the Broker-Dealer), a Delaware limited liability company formed on June 20, 2002. The Broker-Dealer is registered with the Financial Industry Regulatory Authority, Inc. (FINRA).

On July 10, 2007 Rodman & Renshaw Holding, LLC (Holding) consummated a reverse acquisition through an exchange transaction with its subsidiary, Enthrust Financial Services, Inc. (Enthrust), which was a non-operating public shell company. For accounting purposes, Holding is treated as the continuing reporting entity and the acquisition has been treated as a recapitalization of Enthrust with Holding as the acquirer. On August 31, 2007, Enthrust changed its name to Rodman & Renshaw Capital Group, Inc. The historical financial statements of the Company prior to July 10, 2007 are those of Holding.

Miller Mathis & Co., LLC Acquisition

On March 24, 2008, the Company acquired Miller Mathis & Co., LLC (Miller Mathis), a leading independent mergers and acquisition advisor to the global steel industry. Miller Mathis, which is based in New York City, has retained its brand name and will continue to be led by its co-founder, Robert Miller, as a subsidiary of the Company. The total fixed consideration for the acquisition was $7.3 million, with $4.4 million paid in cash at closing, and the balance payable in on the first anniversary of the closing date. The Company, at its election, may pay up to $2.5 million of the deferred consideration in cash or common stock. Up to an additional $2.1 million of purchase price is payable in cash or common stock, or a combination thereof, on the second anniversary of the closing date, upon the achievement of significant growth targets. The Company recorded $7.5 million of goodwill as a result of this acquisition. See Note 6 of the Notes to Condensed Consolidated Financial Statements for further explanation.

The allocation of the purchase price is preliminary and estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of intangible assets and goodwill.

COSCO Capital Management, LLC Acquisition

On June 2, 2008, the Company consummated the acquisition of all the operating assets of COSCO Capital Management LLC, COSCO Capital Texas LP and Private Energy Securities, Inc. (collectively, COSCO), related companies that provide investment banking services to the oil and gas sectors, principally in the United States and Canada.

Under the terms of the acquisition agreement, the fixed purchase price was $10.1 million, $8.1 million of which was paid at closing by the delivery of $6.1 million in cash and 1,121,138 shares of restricted common stock of Rodman valued at $2.0 million. The $2.0 million balance of the fixed purchase price is payable over the two year period following the closing. Additionally, Rodman will pay (a) up to a maximum of $4.0 million over the 21 month period following the closing in respect of certain revenue earned, but not yet received, under contracts being acquired, and (b) certain other incremental payments based upon the acquired business achieving performance targets during the two year period following the closing.

The acquisition of COSCO was accounted for using the purchase method under FASB No. 141, Business Combinations, and FASB No. 142, Goodwill and other intangible assets. The Companys consolidated statements of financial condition at June 30, 2008 include the accounts of COSCO Capital Management LLC, COSCO Capital Texas LP and Private Energy Securities, Inc.

The Company recorded $9.8 million of goodwill as a result of this acquisition. In addition, the acquisition of COSCO contained a 21 month contingency for additional contingent consideration to the selling shareholders, based on future revenues. This additional consideration will be paid in a mix of cash and equity annually. For the quarter ended June 30, 2008, the Company recorded an addition of $0.6 million of goodwill related to additional contingent consideration. See Note 6 of the Notes to Condensed Consolidated Financial Statements for further explanation.

The allocation of the purchase price is preliminary and estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of intangible assets and goodwill.

The following table summarizes the amounts of the assets acquired and liabilities assumed, recognized at the acquisition date:

ASSETS ACQUIRED	
Cash and cash equivalents	$ 99,190
Account receivable and other current assets	109,536
Fixed assets	72,551
Total Assets Acquired	$ 281,277
LIABILITIES ASSUMED	
Accounts payable and other current liabilities	129,118
Net Assets Acquired	$ 152,159

The results of COSCO revenue and earnings included in the Company’s consolidated statements of operations for the six months ended June 30, 2008 and the revenue and earnings of the combined entity had the acquisition date been January 1, 2008, or January 1, 2007 are:

	Revenue	Earnings
Actual from January 1, 2008 – June 30, 2008	$ 44,713,072	$ 7,101,549
Supplemental pro forma from January 1, 2008 – June 30, 2008	$ 46,696,612	$ 7,370,365
Supplemental pro forma from January 1, 2007 – June 30, 2007	$ 50,754,949	$ 12,636,982

The results of COSCO earning per share included in the Company ’s earning per share for the six months ended June 30, 2008 and June 30, 2007 of the combined entity had the acquisition date been January 1, 2008, or January 1, 2007 are:

Earning per share for the six months ended June 30, 2007:

Basic - $0.68

Diluted - $0.51

Earning per share for the six months ended June 30, 2008:

Basic - $0.22

Diluted - $0.21

Aceras Partners LLC Formation

On May 12, 2008, the Company formed Aceras BioMedical LLC (Aceras BioMedical), a joint venture through which the Company, in partnership with Aceras Partners, LLC (Aceras Partners), will make principal investments in early-stage biotechnology and life sciences companies. In conjunction with the establishment of the joint venture, the Company has formed a new wholly-owned subsidiary, Rodman Principal Investments, LLC (RPI), which will hold a 50% stake in Aceras BioMedical and will going forward serve as the holding vehicle for all of the Companys principal-related businesses. RPI has made an initial investment commitment to Aceras BioMedical of up to $30 million over five years to fund operations and the joint ventures principal investments in life science companies. RPI will have a 50% economic interest in all investments made by Aceras.

Under the provisions of FIN 46(R) *Consolidation of Variable Interest Entities* (FIN 46(R)), as revised, the Company determined that Aceras Partners meets the definition of a variable interest entity (VIE). See Note 2 of Notes to Condensed Consolidated Financial Statements, Principles of Consolidation, for further explanation. The Company is the primary beneficiary of Aceras Partners.

NOTE 2 - Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial information. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Companys financial position as of June 30, 2008, the results of operations for the three and six months ended June 30, 2008 and 2007, the changes in stockholders equity and comprehensive income for the six months ended June 30, 2008 and 2007 and cash flows for the six months ended June 30, 2008 and 2007. The results for the six months ended June 30, 2008 are not necessarily indicative of the results to be expected for any subsequent quarter or the full fiscal year ending December 31, 2008.

Certain information and footnote disclosures normally included in financial statements that are prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (the SEC).

These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Companys audited financial statements and notes thereto for the year ended December 31, 2007 as filed with the SEC.

Earnings Per Share

The Company computes earnings per share (EPS) in accordance with FASB No. 128, *Earnings per Share*. Basic EPS is computed by dividing net income applicable to common stock by the weighted-average number of common shares outstanding, which includes restricted stock and restricted stock units (RSUs) for which service has been provided. Diluted EPS includes the components of basic EPS and also includes the dilutive effects of restricted stock and RSUs for which service has not yet been provided and employee stock options.

The table below reconciles weighted average number of common shares outstanding, basic and diluted, for the three and six month periods ended June 30, 2008 and 2007:

	For the three months ended June 30,		For the six months ended June 30,	
	2008	2007	2008	2007
Common shares outstanding, basic	32,989,283	18,159,547	33,000,108	18,159,547
Common shares upon exercise of options	195,186	528,838	197,647	513,934
Common shares upon exercise of warrants	-	130,017	-	130,017
Common shares upon vesting of non-vested shares	-	-	205,051	-
Common shares upon vesting of non-vested RSUs	924,721	-	924,721	-
Conversion of senior convertible debentures to common shares	-	5,400,215	-	5,400,215
Weighted average number of common shares outstanding, diluted	34,109,190	24,218,617	34,327,527	24,203,713

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Reclassifications

Certain reclassifications have been made to previously reported balances to conform to the current presentation.

Starting in 2008, the Companys majority ownership interest in certain public shell companies (shells) is classified on the Condensed Consolidated Statements of Financial Condition as Financial instruments owned, at fair value, rather than goodwill. The Companys investment in these shells is recorded as a component of financial instruments owned at fair value in accordance with the *AICPA Audit and Accounting Guide*, *Brokers and Dealers in Securities*. The Company believes that industry practice is not to consolidate majority-owned investee companies because control of such companies is likely to be temporary, particular where, as here, the investment is made with the intent to sell in a relatively short period of time, typically in connection with a reverse merger or similar transaction in which we have been retained as agent or advisor. This reclassification had the effect of reducing goodwill and increasing financial instruments owned at fair value by $1.0 million. The amounts involved are immaterial to the Condensed Consolidated Financial Statements.

Starting in 2008, syndicate expenses associated with investment banking transactions are recorded net of revenue rather than as a component of expense in accordance with the *AICPA Audit and Accounting Guide, Brokers and Dealers in Securities*. This reclassification had the effect of reducing investment banking revenues and reducing professional and consulting fees by $0.2 million, $0.3 million, $0.3 million and $0.9 million for the three and six month periods ended June 30, 2008 and 2007, respectively.

Principles of Consolidation

The Companys policy is to consolidate all entities in which it owns more than 50% of the outstanding voting stock and has control except, as previously described, with regard to our ownership interest in shells. In addition, in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN 46(R)), as revised, the Company consolidates entities which lack characteristics of an operating entity or business for which we are the primary beneficiary. Under FIN 46(R), the primary beneficiary is the party that absorbs a majority of the entitys expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, direct or implied. In situations where we have significant influence but not control of an entity that does not qualify as a variable interest entity, we apply fair value accounting. As of June 30, 2008, the assets and liabilities held by VIEs which the Company consolidated were immaterial.

All material intercompany accounts and transactions are eliminated in consolidation.

Financial Instruments at Fair Value

The Company adopted FASB 157, *Fair Value Measurements*, as of January 1, 2008. FASB 157 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. FASB 157 defines fair value as "the price that would be received to sell an asset and paid to transfer a liability in an ordinary transaction between market participants at the measurement date." Additionally, FASB 157 disallows the use of block discounts on positions traded in an active market and nullifies certain guidance in Emerging Issues Task Force No. 02-3 regarding the recognition of inception gains on certain derivative transactions. See Note 3 of the Notes to Condensed Consolidated Financial Statements for a complete discussion of FASB 157.

Under FASB 157, fair value generally is based on quoted market prices. If quoted market prices are not available, fair value is determined based on other relevant factors, including dealer price quotations, price activity for equivalent instruments and valuation pricing models. Among the factors considered in determining the fair value of financial instruments are discount margins, weighted average spreads, discounted anticipated cash flows, the terms and liquidity of the instrument, the financial condition, operating results and credit ratings of the issuer or underlying company, the quoted market price of publicly traded securities with similar duration and yield, as well as other measurements.

Financial instruments owned and financial instruments sold, not yet purchased are stated at fair value, with related changes in unrealized appreciation or depreciation reflected in principal transactions, net in the accompanying Consolidated Statements of Operations. Equity interests in certain private equity securities and limited partnership interests are reflected in the Consolidated Financial Statements at fair value, which is often represented at initial cost until significant transactions or developments indicate that a change in the carrying value of the securities is appropriate. This represents our best estimate of exit price as used in FASB 157. Generally, the carrying values of these securities will be increased based on company performance in those instances where market values are readily ascertainable by reference to substantial transactions occurring in the marketplace or quoted market prices.

As defined in FASB 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company utilizes assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial instrument assets and liabilities carried at fair value have been classified and disclosed in one of the following three categories:

Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as listed equities.

Level 2 includes those financial instruments that are valued using models or other valuation methodologies calibrated to observable market inputs. These models are primarily industry-standard models that consider various assumptions, including discount margins, credit spreads, discounted anticipated cash flows, the terms and liquidity of the instrument, the financial condition, operating results and credit ratings of the issuer or underlying company, the quoted market price of publicly traded securities with similar duration and yield, time value, yield curve, default rates, as well as other measurements. In order to be classified as Level 2, substantially all of these assumptions would need to be observable in the marketplace or able to be derived from observable data or supported by observable levels at which transactions are executed in the marketplace. Financial instruments in this category include restricted stock.

Level 3 is comprised of financial instruments whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are unobservable from objective sources. Included in this category are warrants and convertible notes received in conjunction with our investment banking activities, private equity securities and limited partnership interests.

Value of Underwriter and Placement Agent Warrants

As a part of the Company's compensation for its activities as underwriter or placement agent, it may receive warrants exercisable to purchase securities similar to those that are offered and sold in the financing transaction. The adoption of FASB 157 and recent dynamic market conditions prompted the Company to undertake a comprehensive review of its fair value accounting polices. Upon completion of this review, management determined that the Company's warrants should be valued using the Black-Scholes Option Pricing Model ("Black-Scholes"), rather than a fair value model based on historical entity specific criteria. Management concluded that Black-Scholes provides a measurement tool that is consistent with the definition of "fair value" in accordance with FASB 157. The model requires management to use five inputs: price, risk-free interest rate, exercise price, time remaining on the warrant and price volatility. When the Company initially receives a new warrant in connection with, or prior to an initial public offering, its calculated volatility factor is based on the volatility of an index of comparable companies, since there is no price history for new publicly traded or private companies. As each warrant approaches its expiration date, its volatility factor is derived primarily from the historical prices of its underlying common stock. Management cannot assure that it ultimately will be able to liquidate any of the Company's warrants in a way that will realize the value attributed to the warrants in the financial statements through the application of Black-Scholes.

The change in estimate was being implemented in the first quarter of 2008. The impact as a result of the change will be accounted for on a prospective basis in accordance with FASB 154, "*Accounting Changes and Error Corrections*." As a result of our change in this valuation technique, we recorded additional principal transaction revenue and investment banking revenue of $9.2 million and $1.5 million, respectively, during the first quarter of 2008.

The Company is required to estimate the value of all derivative securities that it holds at the date of any financial statements and to include that fair value, and changes in such fair value, in those financial statements. Accordingly, the fair value of warrants is recorded in financial instruments owned, at fair value on our Consolidated Statements of Financial Condition. When a new warrant is received, its fair value is included in investment banking revenue on the date on which it is earned. Subsequently, any change in fair value is recorded as principal transactions. When a warrant is exercised, the fair value is adjusted to reflect the value of the securities purchased, net of the exercise price, and the adjustment amount is recorded as income or loss for the relevant period. If a warrant expires unexercised, the fair value is adjusted to zero and the decrease is recorded as a loss in the relevant period.

Short Sales

Beginning the second quarter the Company engaged in "short sales" through a third party managed fund in order to hedge the market risk associated with its warrant portfolio. Short selling is the practice of selling securities that are borrowed from a third party. The Company is required to return securities equivalent to those borrowed for the short sale at its prime broker's demand. Pending the return of such securities, the Company deposits with the prime broker as collateral the proceeds of the short sale plus additional cash. The amount of the required deposit, which earns interest, is adjusted periodically to reflect any change in the market price of the securities that the Company is required to return to the prime broker. As of June 30, 2008, short sales were collateralized by $1.5 million of cash and cash equivalents based on the requirements of the prime broker.

Revenue Recognition

Investment Banking. Underwriting and placement agent revenues and fees from mergers and acquisitions and other financial advisory assignments are recognized in the Condensed Consolidated Statements of Operations when the services related to the underlying transaction are completed under the terms of the engagement. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded. Underwriting and placement agent revenues are presented net of related expenses.

When the Company receives warrants as a component of its compensation for investment banking services, revenue is recognized based on the fair value of those instruments, in accordance with EITF 00-8, *Accounting by a Grantee for an Equity Instrument to be received in Conjunction with Providing Goods or Services.* Revenue from the receipt of warrants is recognized on the date the warrants are received based on the estimated fair value of the securities received as estimated using Black-Scholes, which takes into account the exercise price, remaining life of the warrant, the current price and expected volatility of the underlying stock, expected dividends on the stock and the risk-free interest rate for the remaining term of the warrant. The following provides details of the Companys investment banking revenue for the three and six months ended June 30, 2008:

	For the three months ended June 30, 2008	For the six months ended June 30, 2008
Private placement cash fees	$ 11,702,155	$ 18,291,348
Private placement warrant and note fees	7,981,015	9,465,644
Advisory cash fees	1,483,393	2,212,265
Underwriting cash fees	1,116,482	1,215,964
Total investment banking revenue	$ 22,283,045	$ 31,185,221

Principal Transactions. Financial instruments owned and financial instruments sold, but not yet purchased (all of which are recorded on a trade-date basis) are carried at fair value with gains and losses reflected in principal transactions on a trade date basis.

Conference Fees. The Company receives conference deposits from presenters, which are recorded as a liability and then recognized as revenue when the conference is conducted. The Company also makes advance payments for conference facilities, entertainment and related costs, which are recorded as prepaid expenses and then recognized when the conference is conducted.

Premises and Equipment

Premises and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets (generally three to ten years). Leasehold improvements are amortized using the straight-line method over the term of related leases or the estimated useful lives of the assets, whichever is shorter.

Goodwill and other intangible assets

In accordance with FASB 142, *Goodwill and Other Intangible Assets*, goodwill is not amortized; instead, it is reviewed, on at least an annual basis, for impairment. Goodwill is impaired when the carrying amount of the reporting unit exceeds the implied fair value of the reporting unit. While goodwill is no longer amortized, it is tested for impairment annually as of the fourth quarter or at the time of a triggering event requiring re-evaluation, if one were to occur. In light of recent economic conditions, management performed a goodwill impairment test during the first quarter of 2008 which resulted in the recognition of an impairment charge of $1.1 million.

Customer relationship assets with finite lives are amortized over their expected useful lives, which approximates three years.

Income Taxes

Income tax expense was $4,161,544 and $5,148,829 for the three and six months ended June 30, 2008, respectively, which equals an effective tax rate of 40.9% for the 3 months ended and 42.0% for the six months ended, compared to tax expense of $391,184 and $351,865 for the three and six months ended June 30, 2007, respectively.

Prior to the Exchange, Holding filed consolidated Federal income tax and combined New York State and New York City Unincorporated Business Tax (UBT) returns. However, as a limited liability company, Holding was not subject to Federal or state income taxes. Rather, Paul Revere and RRCG, the members of Holding, were taxed on Holdings Federal and state taxable income. Accordingly, there was no provision or liability for Federal or state income taxes recorded, except for the UBTs effective tax rate of 4%.

Subsequent to the Exchange, the Company is subject to Federal and state corporate income taxes and an appropriate provision has been made based upon a projected 2008 annual effective tax rate of approximately 41.2% .

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income taxes are provided for temporary differences in reporting certain items. The realization of deferred tax assets is assessed and a valuation allowance is recorded to the extent that it is more likely than not that any portion of the deferred tax asset will not be realized. Tax credits, if any, are recorded as a reduction of income taxes when realized.

In June 2006, the FASB issued Interpretation No. 48, *Accounting of Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 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, and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 31, 2006. The Company adopted FIN 48 effective with its 2007 year. Management does not believe that the Company has any material uncertain tax position requiring recognition or measurement in accordance with the provisions of FIN 48. Accordingly, the adoption of FIN 48 did not have a material effect on the Companys financial statements. The Companys policy is to classify penalties and interest associated with uncertain tax positions, if required, as a component of its income tax provision. Holding and its subsidiaries have filed annual federal and various state partnership tax returns beginning with the year ended December 31, 2004 through the year ended December 31, 2006. In addition, the Company filed federal and various state partnership tax returns for the period ended July 10, 2007. These income tax returns have not been examined by federal and state tax authorities and the applicable federal and state statutory periods to assess taxes, penalties and interest remain open. The Company and its subsidiaries will file a federal corporate consolidated return, and appropriate state corporate tax returns, for the period beginning July 11, 2007 through December 31, 2007. This period also remains open to the assessment of taxes, penalties and interest by federal and state tax authorities.

Use of Estimates

The preparation of condensed financial statements is in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Concentrations of Credit Risk

The Broker-Dealer is engaged in trading and provides a broad range of securities brokerage and investment services to institutional clients as well as private placement services to business entities. Counterparties to the Broker-Dealer’s business activities include broker-dealers and clearing organizations, banks and other financial institutions.

The Broker-Dealer uses a clearing broker to process transactions and maintain client accounts on a fee basis. The Broker-Dealer permits the clearing firm to extend credit to a client secured by cash and securities in the client’s account. The Broker-Dealer’s exposure to credit risk associated with the non-performance by its clients and counterparties in fulfilling their contractual obligations can be directly impacted by volatile or illiquid trading markets, which may impair the ability of clients and counterparties to satisfy their obligations to the Broker-Dealer. The Broker-Dealer has agreed to indemnify its clearing brokers for losses incurred while extending credit to the Broker-Dealer’s clients. The Broker-Dealer’s policy is to review, as necessary, the credit standing of its clients and counterparties. Amounts due from clients that are considered uncollectible are charged back to the Broker-Dealer by the clearing brokers when such amounts become determinable.

Financial instruments sold but not yet purchased commit the Broker-Dealer to deliver specified securities at predetermined prices. The transactions may result in market risk since, to satisfy the obligation, the Broker-Dealer must acquire the financial instruments at market prices, which may exceed the values reflected on the Condensed Consolidated Statements of Financial Condition.

The Company maintains cash with major financial institutions. Cash is insured by the Federal Deposit Insurance Corporation up to $100,000 at each institution. The uninsured cash bank balances were approximately $20.4 million at June 30, 2008. The Company does not believe that it is exposed to any significant credit risks for cash.

Forgivable Loans

During the quarter ended June 30, 2008, the Company issued $3.1 million of forgivable loans as a retention vehicle to certain new employees. These notes are subject to a substantive service requirement by the employee and are amortized over a three year service period on a straight-line basis. As of June 30, 2008, the balance of the notes was $3.0 million which is included in other assets on the Condensed Consolidated Statements of Financial Condition. The Company recorded $0.1 million of compensation expense during the quarter ended June 30, 2008 related to the amortization of these forgivable loans.

NOTE 3 - Recent Accounting Pronouncements

In February 2007, the FASB issued FASB 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* (“FASB 159”). FASB 159 permits an entity to elect to measure various financial instruments and certain other items at fair value. It provides entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FASB 159 requires that a business entity report unrealized gains and losses, on items for which the fair value option has been elected, in earnings at each subsequent reporting date. FASB 159 is effective as of the beginning of the first annual period beginning after November 15, 2007. The Company adopted FASB 159 as of the beginning of 2008. The Company elected to apply the fair value option on certain investments held by subsidiaries that are not registered broker-dealers as defined in the AICPA Audit and Accounting Guide, *Brokers and Dealers in Securities and* loans and loan commitments. Investments had been accounted for by us by the equity method which approximated fair value prior to the adoption of FASB 159; therefore, there was no transition adjustment recorded to opening deficit related to these investments. Loans and loan commitments were accounted for at cost which approximated fair value prior to the adoption of FASB 159; therefore, there was no transition adjustment recorded to opening deficit related to these loans and loan commitments.

FASB 160. In December 2007, the FASB issued FASB 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (FASB 160). FASB 160 requires an entity to clearly identify and present ownership interests in subsidiaries held by parties other than the entity in the Consolidated Financial Statements within the equity section but separate from the entitys equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; changes in ownership interest be accounted for similarly, as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. Accordingly, we will adopt FASB 160 effective January 1, 2009. The Company is currently evaluating the impact of FASB 160 on our consolidated financial statements.

FASB 161. In March 2008, the FASB issued FASB 161, *Disclosures about Derivative Instruments and Hedging Activities* (FASB 161). FASB 161 amends and expands the disclosure requirements of FASB 133, *Accounting for Derivative Instruments and Hedging Activities* , and requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair values and amounts of gains and losses on derivative contracts and disclosures about credit-risk-related contingent features in derivative agreements. FASB 161 is effective for the fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact of FASB 160 on our consolidated financial statements.

FASB 162. In May 2008, the FASB issued FASB 162, *The Hierarchy of Generally Accepted Accounting Principles* (FASB 162). FASB 162 identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities (the Hierarchy). The Hierarchy within FASB 162 is consistent with that previously defined in the AICPA Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles (SAS 69). FASB 162 is effective 60 days following the United States Securities and Exchange Commissions (the SEC) approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The adoption of FASB 162 will not have a material effect on the Consolidated Financial Statements because the Company has utilized the guidance within SAS 69.

NOTE 4 - <u>Financial instruments, at fair value</u>

The following is a summary of the fair value of financial instruments owned and sold, not yet purchased:

	June 30, 2008	
	Financial Instruments Owned	Financial Instruments Sold, Not Yet Purchased

Securities	$	4,686,182	$	1,262,073
Derivatives		18,906,957		-
Investment in private securities		627,309		-
Investments in shells		1,823,826		-
Loans and loan commitments		477,500		-
Investments at fair value		2,424,040		-
	$	28,945,814	$	1,262,073

The following is a summary of our financial assets and liabilities that are accounted for at fair value as of June 30, 2008 by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Financial instruments owned:				
Securities	$ 2,439,040	$ -	$ 2,874,451	$ 5,313,491
Derivatives	-	-	18,906,957	18,906,957
Investments in shells	-	-	1,823,826	1,823,826
Loans and loan commitments	-	-	477,500	477,500
Other investments	-	-	2,424,040	2,424,040
Total financial instruments owned	$ 2,439,040	$ -	$ 26,506,774	$ 28,945,814
Liabilities:				
Financial instruments sold, not yet purchased				
	$ 1,262,073	$ -	$ -	$ 1,262,073
Total financial instruments sold, not yet purchased	$ 1,262,073	$ -	$ -	$ 1,262,073

The following is a summary of changes in fair value of our financial assets and liabilities that have been classified as Level 3 for the six months ended June 30, 2008:

		Derivatives Instruments Assets		Non-Derivatives Assets
Balance, January 1, 2008	$	2,083,469	$	5,807,096
Received/ issuances		8,191,584		1,454,060
Realized and unrealized gain (loss) (1)		8,631,904		338,661
Balance, June 30, 2008	$	18,906,957	$	7,599,817
Change in unrealized gains/losses relating to instruments				
still held at June 30, 2008	$	8,631,904	$	139,232

(1) Realized and unrealized gains/ losses are reported in principal transactions in the Condensed Consolidated Statements of Earnings

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NOTE 5 Discontinued Operations

The Company operated in asset management on a limited basis through Rodman & Renshaw Fund Management (RRFM), a wholly owned subsidiary of the Company, which owned an interest in, was a general partner of, and managed Rodman & Renshaw Opportunity Fund (RROF), a New York limited partnership formed in February 2000 for the purpose of conducting a business of investing and trading its limited partners funds. Effective January 1, 2006 through November 30, 2007, and in accordance with Emerging Issued Task Force (EITF) 04-5, the Company consolidated RROF.

In October 2007, the Companys management, in consultation with the Board of Directors, determined that the Companys asset management operation, as constituted, was not central to its strategic development. Accordingly, the Company terminated its asset management operation in the fourth quarter of 2007. Effective December 1, 2007, an unaffiliated entity was appointed sole general partner of RROF. The Company retained its limited partner rights and interests.

In accordance with FASB 144, *Accounting For the Impairment or Disposal of Long Lived Assets* (FASB 144) and EITF 03-13, applying the conditions in paragraph 42 of FASB 144 in determining whether to report discontinued operations (EITF 03-13), the asset management operations are reported as discontinued as of November 30, 2007 since the Company has determined that RROF and its cash flows were clearly distinguished for financial reporting purposes from the rest of the Company and the Company will not have any significant continuing involvement in, or cash flows from, the operations of RROF.

The Companys ownership interest in the capital of RROF reflected a 7.34% interest as of December 31, 2007. Effective December 1, 2007, the Company had no significant influence over the entitys partnership operating and financial policies and is accounting for its interest on the equity method of accounting in accordance with EITF D-46. As of June 30, 2008, the investment in RROF was $279,046 and, such amount is included in financial instruments as other investment at fair value in the accompanying Consolidated Statement of Financial Condition (see Note 4).

The results of the discontinued operations for the three and six months ended June 30, 2007 are as follows:

	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Principal transactions	$ (315,821)	$ 479,560
Interest and other income	(63,905)	(52,965)
	(379,726)	426,595
Operating expenses	51,402	(20,680)
Operating income	(328,324)	405,915
Income taxes benefit	20,832	14,085
Minority interest	288,162	(277,390)
Net income	$ 19,330	$ 142,610

NOTE 6 Goodwill and other intangible assets

Starting in 2008, the Company included its majority ownership interest in public shell companies is classified on the Condensed Consolidated Statements of Financial Condition as Financial instruments owned, at fair value, rather than goodwill, in accordance with the *AICPA Audit and Accounting Guide, Brokers and Dealers in Securities*. The Company believes that industry practice is not to consolidate majority-owned investee companies because control of such companies is likely to be temporary. The Companys investment in these public shells is made with the intent to sell in a relatively short period of time, typically in connection with a reverse merger or similar transaction in which we have been retained as agent or advisor. The reclassification of our ownership in public shells had the effect of reducing goodwill by $984,690 and increasing financial instruments owned at fair value by $984,690. The amounts involved are immaterial to the Condensed Consolidated Financial Statements.

In accordance with FASB 142, *Goodwill and Other Intangible Assets*, goodwill is not amortized; instead, it is reviewed, on at least an annual basis, for impairment. Goodwill is impaired when the carrying amount of the reporting unit exceeds the implied fair value of the reporting unit. While goodwill is no longer amortized, it is tested for impairment annually as of the fourth quarter or at the time of a triggering event requiring re-evaluation, if one were to occur. In light of recent economic conditions, management performed a goodwill impairment test during the first quarter of 2008, which resulted in the recognition of an impairment charge of $1.1 million. The Company recognized an impairment charge of $250,000 and $815,000 related to its R&R TechBio, LLC and Techvest, LLC subsidiaries, respectively.

On March 24, 2008, the Company acquired a 100% ownership interest in Miller Mathis & Co., LLC. The purchase price for the interest was $7.3 million. The total fixed consideration for the acquisition is $7.3 million, with $4.4 million paid in cash at the closing, and the balance payable in one year. The total amount of the purchase price of $7.3 million and the legal expenses associated with the acquisition of $158,065 was determined to be in excess of the value of the underlying assets acquired and was classified as $7.5 million goodwill. The allocation of the purchase price is preliminary and estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of intangible assets and goodwill.

On June 2, 2008, the Company acquired all the operating assets of COSCO Capital Management LLC, COSCO Capital Texas LP and Private Energy Securities, Inc. (collectively, COSCO), related companies that provide investment banking services to the oil and gas sectors, principally in the United States and Canada. Under the terms of the acquisition agreement, the fixed purchase price is $10.1 million, $8.1 million of which was paid at closing by the delivery of $6.1 million in cash and 1,121,138 shares of restricted common stock of the Company valued at $2.0 million. The $2.0 million balance of the fixed purchase price is payable over the two year period following the Closing Date. On June 2, 2008 the Company recorded $9.8 million of goodwill which includes the total amount of the purchase price less a 26% discount due to a six-month selling restriction on the restricted shares using a protective put model and $0.2 million of legal and accounting fees associated with the acquisition. In addition, from June 2, 2008 to June 30, 2008, the Company recorded additional contingent consideration under the terms of the purchase agreement of $0.6 million payable in cash and common stock. The allocation of the purchase price is preliminary and estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of intangible assets and goodwill.

On June 2, 2008, the Company acquired a customer relationship intangible asset for a total cash payment of $5.0 million. The Company will amortize this customer relationship intangible asset over the expected useful life of three years using the straight line method.

On June 23, 2008 the Company purchased the RODM trademark for a cash payment of $7,875. The trademark will not be amortized until its useful life is no longer indefinite and will be tested for impairment if necessary in accordance with FASB 142.

The following table represents a summary of the changes to goodwill and other intangible assets since January 1, 2007:

	Goodwill	Customer Relationship	Trademark	Total
Balance, January 1, 2007	$ 1,938,714	$ -	$ -	$ 1,938,714
Additions	486,693	-	-	486,693
Reclassification of shells	(984,690)	-	-	(984,690)
Write-off	(375,717)	-	-	(375,717)
Balance, December 31, 2007	1,065,000	-	-	1,065,000
Additions	17,904,158	5,000,000	7,875	22,912,033
Write-off	(1,065,000)	-	-	(1,065,000)
Amortization	-	(173,993)	-	(173,993)

Balance, June 30, 2008	$ 17,904,158	$ 4,826,007	$ 7,875	$ 22,738,040

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NOTE 7 - Commitments and Contingencies

Lease Commitments

In June 1, 2008, the Company entered into a new lease agreement for approximately 40,300 square feet of office space on the 20th floor at 1251 Avenue of the Americas, New York, NY for a term which commenced in May 2008 and ends in October 2013. The monthly rental fee is $251,875, with the first monthly lease payment due six months after the lease commencement date. The monthly rent expense will be $228,625.

Letter of Credit

In connection with the lease for the 20th floor at 1251 Avenue of the Americas, New York, NY the Company issued a letter of credit in favor of the landlord in the sum of $755,625, as a security deposit. The letter of credit expires on February 2009 but is subject to automatic extension.

Aceras Partners

The Company, through RPI, has made an initial investment commitment to Aceras Partners of up to $30 million over five years to fund operations and the joint venture's principal investments in life science companies.

Litigation

During the year ended December 31, 2006, as a result of actions taken by a former employee against the Company, the Company filed a proceeding against the former employee with FINRA and the United States District Court for the Southern District of New York ("SDNY"), in which it alleged various claims against the employee including but not limited to; trademark infringement and dilution, cyber-squatting, cyber-piracy, defamation and tortuous interference with business relations. In connection with each of these actions, the Company is seeking compensatory and punitive damages of approximately $75 million. In response to these actions filed against the former employee by the Company, the employee filed counterclaims with the SDNY seeking compensatory and punitive damages of approximately $3 million against the Company for breach of contract, defamation and declaratory relief. The Company is not in a position to predict or assess the likely outcome of these proceedings, nor is it in a position to estimate the range of any potential loss. As of June 30, 2008, there have been no material developments with respect to the litigation.

By letter dated April 10, 2006, FINRA advised the Company that it was reviewing matters related to the circumstances surrounding the termination of the former employee and requested that the Company produce documents in connection with that review. By letter dated April 11, 2006, FINRA withdrew its request, to avoid regulatory duplication, upon learning that the SEC was also reviewing the same events. However, in 2007 the Company received certain letters from FINRA requesting certain information, documentation and interviews. The Company produced all information and documentation requested and continues to cooperate fully with FINRA's investigation.

NOTE 8 - Net Capital Requirements

The Broker-Dealer is subject to various regulatory requirements, including the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1). These regulations place limitations on certain transactions, such as repaying subordinated borrowings, paying cash dividends, and making loans to a parent, affiliates or employees. Broker-dealers are prohibited from such transactions which would result in a reduction of its total net capital to less than 120% of its required minimum net capital. Moreover, broker-dealers are required to notify the SEC before entering into any such transactions, which if executed, would result in a reduction of 30% or more of its excess net capital (net capital less the minimum requirement). The SEC has the ability to prohibit or restrict such transactions if the result is detrimental to the financial integrity of the broker-dealer.

At June 30, 2008, the Broker-Dealer had net capital of $5,586,327, which was $5,336,327 in excess of its required net capital of $250,000.

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NOTE 9 - Income Taxes

Through the Exchange Date, the Company was an LLC, subject to UBT income taxes at a 4% effective tax rate. Beginning July 11, 2007, the Company is subject to Federal, New York State and New York City corporate income taxes, at an estimated 45% combined effective tax rate. Holding will file partnership tax returns for the periods beginning on January 1, 2007 and ending on the Exchange Date and the Company will file corporate tax returns for the period beginning July 11, 2007 and ending on December 31, 2007.

In connection with the Exchange, the Company entered into a Tax Indemnification Agreement with Paul Revere, RRCG and the stockholders of RRCG (the Indemnities) pursuant to which the Company agreed to indemnify the Indemnities for any increased taxes attributable to any adjustment to Holdings tax returns through the Exchange Date. The Company believes that the likelihood of any payment under the indemnification agreement is remote.

The Company and its subsidiaries filed consolidated Federal and various state partnership income tax returns in which the initial period of tax reporting for these entities occurred during the year ended December 31, 2004. These income tax returns have not been examined by the applicable Federal and state tax authorities.

NOTE 10 - Stock-Based Compensation

Effective January 1, 2006, the Company adopted FASB 123R, *Stock Based Compensation*, and adopted the modified prospective method with respect to its accounting for the transition to FASB 123R.

From May 23 through June 2, 2008, the Company granted to certain new employees a total of 3,252,338 of performance and service based restricted stock units in two tranches. In the first tranche, the Company granted 2,877,338 RSUs which vest over a 20 month period; in the second tranche, the Company granted 375,000 of RSUs which vest over a 27 month period. Both series are not sellable until August 2010. The fair value of these RSUs is net of a 52% discount for lack of marketability based on a protective put method model.

The Company recorded $1,532,726, $449,112, $2,771,489 and $735,640 of stock-based compensation for the three and six month periods ended June 30, 2008 and 2007, respectively. The unamortized deferred stock-based compensation balance as of June 30, 2008 was $10,919,176 and will be fully amortized through 2011.

As of June 30, 2008, there was $8,383,085 of total unrecognized compensation cost related to non vested share based awards, which is expected to be recognized over a remaining weight-average vesting period of approximately 2.3 years.

There were no option grants in the first six months of 2008. A summary of options (with retroactive effect given for the Exchange) outstanding as of June 30, 2008 is as follows:

Stock Options	**Number of Options**	**Weighted Average Exercise Price**	**Weighted Average Grant Date Fair Value**	**Weighted Average Remaining Contractual Life**	**Aggregate Intrinsic Value**
Outstanding at December 31, 2007	6,088,072	$3.91	$1.04		
Granted	--	--	--		
Exercised,	--	--	--		
Forfeited	--	--	--		
Outstanding at June 30, 2008	6,088,072	$3.91	$1.04	4.7 Years	$537,107
Exercisable at June 30, 2008	3,382,347	$3.55	$0.82	4.3 Years	$537,107

Total compensation cost associated with stock option was $610,798 and $1,331,852 for the three and six months ended June 30, 2008, respectively.

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The following tables detail the activity of restricted stock:

Restricted Stock	**Number of Shares**	**Weighted Average Grant Date Fair Value**
Balance at December 31, 2007	750,000	$ 5.00
Granted	1,470,238	2.27
Forfeited	--	--
Vested	(132,341)	2.28
Balance at June 30, 2008	2,087,897	$ 3.25

Total compensation cost associated with restricted stock was $765,529 and $1,285,866 for the three and six months ended June 30, 2008, respectively.

Restricted Stock Units	**Number of Shares**	**Weighted Average Grant Date Fair Value**
Balance at December 31, 2007	--	$ --
Granted	3,252,338	0.98
Forfeited	--	--
Vested	--	--
Balance at June 30, 2008	3,252,338	$ 0.98

Total compensation cost associated with RSU was $153,771 for the three and six months ended June 30, 2008.

Item 2. Management□s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report.

Overview

We are a full service investment bank dedicated to providing investment banking services to companies that have significant recurring capital needs due to their growth and development strategies, along with research and sales and trading services to institutional investor clients that focus on such companies. We are a leading investment banking firm to the biotechnology sector, a capital intensive market segment, as well as a leader in the PIPE (private investment in public equity) and RD (registered direct placements) transaction markets.

Our activities as an investment banking firm constitute a single business segment, with the following principal sources of revenue:

o investment banking fees, which are derived from corporate finance activities and strategic advisory services;

o realized and unrealized gains with respect to securities held for our own account;

o commissions on sales and trading activities;

o conference fees; and

o other miscellaneous sources of revenues, such as interest.

Although, we have multiple sources of revenue, most of our revenue is derived from our investment banking services and consist of private placement, underwriting and strategic advisory fees earned upon the successful completion of financing or other types of corporate transactions, such as mergers, acquisitions and dispositions. We do not separately prepare report or analyze financial data or operating results, such as operating expenses, profit and loss or assets, for our various operating units. For example, our sales and trading unit generates commission revenues and incurs various expenses specifically related to its activities, such as execution and clearing charges. Similarly, our life science conferences generate fees from attendees and presenters but also have expenses related to facility usage, food and beverage, and entertainment.

Business Environment

Market conditions and valuations for companies in the life science sector and other sectors in which we are active, as well as general market conditions, can materially affect our financial performance. Declining valuations in various sectors, notably the life science sector, unprecedented volatility and lack of liquidity in certain sectors of the capital markets, as well as a slowing of economic growth generally has led to declines in financing activity, smaller financing transactions, and a resulting decline in revenue from prior periods. It is not possible to predict whether, and to what degree, these conditions will continue, abate, or reverse, and capital markets activity for 2008 in unlikely to match the level of activity of 2007. In addition, the nature of our revenue generation, including the size of transactions, the timing of transaction closings and the sectors in which those transactions occur, make future performance difficult to predict and potentially highly variable. Revenues for many of the services we provide are earned only upon the successful completion of a transaction. Accordingly, revenues and net income in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year-to-year and quarter-to-quarter depending on whether and when transactions are completed and the number, size and type of transactions completed.

Critical Accounting Policies

The Condensed Consolidated Financial Statements are prepared in conformity with U.S. generally accepted accounting principles, which require management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and related notes. Actual results can and will differ from estimates. These differences could be material to the financial statements.

We believe our application of accounting policies and the estimates required therein are reasonable. These accounting policies and estimates are constantly re-evaluated, and adjustments are made when facts and circumstances dictate a change. Historically, actual results have not differed materially from those determined using necessary estimates.

Our management believes that our critical accounting policies (policies that are both material to the financial condition and results of operations and require management's most difficult, subjective or complex judgments) are our valuation of financial instruments, impairment of goodwill assessment and our use of estimates related to compensation and benefits during the year.

Valuation of Financial Instruments

Our financial instruments are recorded at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). The use of fair value to measure financial instruments is fundamental to our financial statements and is our most critical accounting policy. Unrealized gains or losses are generally recognized in principal transactions in our Condensed Consolidated Statements of Operations. Financial instruments are valued at quoted market prices, if available. For financial instruments that do not have readily determinable fair values through quoted market prices, the determination of fair value is based upon consideration of available information, including types of financial instruments, current financial information, restrictions on dispositions, fair values of underlying financial instruments and quotations for similar instruments.

We adopted FASB 157 and FASB 159 as of the beginning of 2008. See Notes 2 and 4 of the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on FASB 157 and FASB 159, including the impact of adoption.

Compensation and Benefits

The use of estimates is important in determining compensation and benefits expenses for interim and year end periods. A substantial portion of our compensation and benefits represents discretionary bonuses, which are finalized at mid-year and year end. In addition to the level of net revenues, our overall compensation expense in any given year is influenced by prevailing labor markets, revenue mix and our use of equity-based compensation programs. We believe the most appropriate way to allocate estimated annual discretionary bonuses among interim periods is in proportion to net revenues earned or expected with confidence. Consequently, we generally accrue interim compensation and benefits based on annual targeted compensation amounts and interim revenues received.

Goodwill Impairment

At least annually, we are required to assess whether goodwill has been impaired. Periodically estimating the fair value of a reporting unit requires significant judgment and often involves the use of significant estimates and assumptions. These estimates and assumptions could have a significant effect on whether an impairment charge is recorded and the magnitude of such a charge. We completed our last impairment test on goodwill as of March 31, 2008 when we recognized an impairment charge of $1.1 million related to our R&R TechBio, LLC and Techvest, LLC subsidiaries. The remaining goodwill after certain reclassifications and the impairment charge amounts to $17.9 million as of June 30, 2008 related solely to our acquisition of Miller Mathis & Co., LLC on March 24, 2008 and COSCO on June 2, 2008.

Results of Operations

The following table sets forth the results of operations for the three months ended June 30, 2008 and 2007:

	For the Three Months Ended June 30,			
	2008		2007	
Revenues:		% of net Revenue		% of Reve
Investment banking	$ 22,283,045		$ 24,142,483	
Principal transactions	4,439,738		(442,109)	
Commissions	1,735,089		1,606,368	
Conference fees	842,865		719,009	
Interest and other income	231,323		285,226	
Total revenues	$ 29,532,060		$ 26,310,977	
Operating expenses:				
Employee compensation and benefits	12,504,456	42.3%	16,385,545	62.
Other employee benefits	139,311	0.5%	107,453	0.
Conference fees	2,293,056	7.8%	1,968,861	7.
Broker dealer commissions	67,255	0.2%	52,736	0.
Professional and consulting fees	1,275,633	4.3%	1,968,861	5.
Business development	829,589	2.8%	848,935	3.
Communication and market research	603,451	2.0%	491,246	1.
Office	115,538	0.4%	207,928	0.
Occupancy and equipment rentals	587,293	2.0%	307,718	1.
Clearance and execution charges	146,733	0.5%	47,027	0.
Depreciation and amortization	316,617	1.1%	162,318	0.
Other	487,477	1.7%	203,258	0.
Total operating expenses	19,366,410	65.6%	22,099,574	84.
Operating income	10,165,650	34.4%	4,211,403	16.
Interest expenses	-		594,646	
Income from continuing operations before income taxes	10,165,650		3,616,757	
Income tax expense	(4,161,544)		(391,184)	
Income from continuing operations	6,004,106		3,225,573	
Income(loss) from discontinued operations	-		(19,330)	
Net income	$ 6,004,106		$ 3,206,243	

Our net income for the three months ended June 30, 2008 and 2007 included the following non-cash items:

	Three Months Ended	
	June 30, 2008	June 30, 2007
Stock-based compensation	$ 1,532,726	$ 449,112
Depreciation and amortization	316,617	162,318
Total	$ 1,849,343	$ 611,430

Total Revenues

We operate our business as a single segment. However, we derive revenues from two primary sources investment banking and sales and trading.

Total revenue for the three months ended June 30, 2008 was $29.5 million, representing an increase of 12.2% from $26.3 million in the comparable period of 2007. The increase was primarily due to a $4.9 million increase in principal transactions revenues, partially offset by a $1.9 million, or a 7.7%, decrease in investment banking revenues.

Investment Banking Revenue

Our investment banking revenue is derived from private placement and underwriting activities and strategic advisory services. The following table sets forth our revenue and transaction volumes from our investment banking activities for the three months ended June 30, 2008 and 2007:

	Three Months Ended	
	June 30, 2008	June 30, 2007
Revenue:		
Private placement and underwriting	$ 20,799,587	$ 21,891,991
Financial advisory	1,483,458	2,250,492
Total investment banking revenue	$ 22,283,045	$ 24,142,483
Transactions Volumes:		
Private placement and underwriting		
Capital raised	$ 316,468,648	$ 746,878,307
Number of transactions	14	25

Investment banking revenue was $22.3 million for the three months ended on June 30, 2008, which included $8.0 million related to warrants received as compensation for activities as underwriter or placement agent valued using Black-Scholes, as compared to revenue of $24.1 million in the comparable period of 2007:

- Private placement and underwriting revenue for the quarter was $20.8 million, including $8.0 million of fair value related to warrants received, compared to $21.9 million in the comparable period of 2007. During the 2008 period, the Company completed 14 financing transactions with an average transaction size of $22.6 million.
- Strategic advisory fees for the three months ended June 30, 2008 were $1.5 million, compared to $2.3 million for the first quarter of 2007.

Sales and Trading

Commissions - Commissions revenues increased by $0.1 million, or 8.0%, to $1.7 million for the three months ended June 30, 2008, compared with $1.6 million for the three months ended June 30, 2007.

Principal Transactions **-** Principal transactions revenue increased $4.8 million to $4.4 million for the three months ended June 30, 2008 compared with a loss of $0.4 million for the three months ended June 30, 2007. The increase was primarily attributable to an unrealized gain in a single financial instrument obtained through an investment banking transaction during the second quarter of 2008.

Compensation and Benefits

Compensation and benefits decreased $3.9 million, or 23.8%, the ratio of compensation to net revenues was 42.3% for three months ended at June 30, 2008 as compared to 62.3% for comparable period of 2007. The decrease in compensation and benefits is attributed to: (1) a migration from a fixed compensation structure to a variable compensation structure during the second quarter of 2008 whereby certain senior bankers are subject to draws rather than fixed salaries; (2) limitations on the granting of sign-on and guaranteed payments not based on service and performance; and (3) reduction in pay-out on non-cash based revenue.

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Non-Compensation Expenses

Non-compensation expense was $6.7 million for the three months ended June 30, 2008 versus $5.6 million for the prior year period, or 22.7% of net revenues for the 2008 period versus 21.3% of net revenues for the comparable period of 2007. Non-personnel expenses increased due to: (1) increases in conferences expenses due the expansion of our Monaco Global Healthcare Conference and increased exchange ratio between the EURO and the U.S. dollar; (2) increases in rental expenses due to the expansion of our platform and headcount; and (3) an increase in amortization expenses due to customer relationship intangible assets which the company purchased during second quarter of 2008.

The following table sets forth the results of operations for the six months ended June 30, 2008 and 2007:

	For the six Months Ended June 30,					
		2008			2007	
Revenues:			% of net Revenue			% of Reve
Investment banking	$	31,185,221		$	38,492,653	
Principal transactions		8,781,438			2,737,057	
Commissions		3,298,454			3,606,237	
Conference fees		842,865			719,009	
Interest and other income		605,094			378,747	
Total revenues	$	44,713,072		$	45,933,703	
Operating expenses:						
Employee compensation and benefits		20,755,682	46.4%		26,421,709	57.
Other employee benefits		250,032	0.6%		201,093	0.
Conference fees		2,601,902	5.8%		2,144,492	4.
Broker dealer commissions		160,201	0.4%		96,624	0.
Professional and consulting fees		2,224,172	5.0%		1,831,524	4.
Business development		1,641,176	3.7%		1,433,545	3.
Communication and market research		1,163,578	2.6%		889,407	1.
Office		240,955	0.5%		401,879	0.
Occupancy and equipment rentals		905,288	2.0%		605,398	1.
Clearance and execution charges		223,587	0.5%		97,850	0.
Depreciation and amortization		453,855	1.0%		324,813	0.
Impairment of goodwill		1,065,000	2.4%		-	
Other		777,265	1.7%		456,148	1.
Total operating expenses		32,462,694	72.6%		34,904,482	76.
Operating income		12,250,378	27.4%		11,029,221	24.
Interest expenses		-			792,861	
Income from continuing operations before income taxes		12,250,378			10,236,360	

Income tax expense		(5,148,829)		(351,865)
Income from continuing operations		7,101,549		9,884,495
Income(loss) from discontinued operations		-		142,610
Net income	$	7,101,549	$	10,027,105

Our net income for the six months ended June 30, 2008 and 2007 included the following non-cash items:

	Six Months Ended			
	June 30, 2008		June 30, 2007	
Stock-based compensation	$	2,771,489	$	735,640
Depreciation and amortization		453,875		324,813
Impairment of goodwill		1,065,000		-
Total	$	4,290,364	$	1,060,453

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Total Revenues

We operate our business as a single segment. However, we derive revenues from two primary sources investment banking and sales and trading.

Total revenue for the six months ended June 30, 2008 was $44.7 million, representing a decrease of 2.6% from $45.9 million in the comparable six month period of 2007. The decrease was primarily due to a $7.3 million, or a 19.0%, decrease in investment banking revenues, partially offset by a $6.0 million increase in principal transaction revenues.

Investment Banking Revenue

Our investment banking revenue is derived from private placement and underwriting activities and strategic advisory services. The following table sets forth our revenue and transaction volumes from our investment banking activities for the six months ended June 30, 2008 and 2007:

	Six Months Ended				
	June 30, 2008			June 30, 2007	
Revenue:					
Private placement and underwriting	$	28,972,955		$	35,705,432
Financial advisory		2,212,266			2,787,221
Total investment banking revenue	$	31,185,221		$	38,492,653
Transactions Volumes:					
Private placement and underwriting					
Capital raised	$	457,383,181	(1)	$	2,511,711,977
Number of transactions		27			41

(1) Includes capital raised as co-agent.

Investment banking revenue was $31.2 million for the six months period ended June 30, 2008, which included $9.5 million of warrants received as compensation for activities as underwriter or placement agent valued using Black-Scholes, as compared to revenue of $38.5 million in comparable period of 2007:

- Private placement and underwriting revenue for the six month was $29.0 million, including $9.5 million of fair value related to warrants received, compared to $35.7 million in the comparable period of 2007. During the six month period ended June 30, 2008, the Company completed 27 financing transactions with an average transaction size of $16.9 million.
- Strategic advisory fees for the six months period of 2008 were $2.2 million, compared to $2.8 million for the comparable period of 2007.

Sales and Trading

Commissions - Commissions revenues decreased $0.3 million, or 8.3%, to $3.3 million for the six months ended June 30, 2008, compared with $3.6 million for the six months ended June 30, 2007, with the difference primarily attributable to a large customer facilitation transaction that occurred in the first quarter of 2007.

Principal Transactions **-** Principal transactions revenue increased $6.0 million to $8.8 million for the six months ended June 30, 2008 compared with revenue of $2.7 million for the six months ended June 30, 2007. The increase was primarily attributable to an unrealized gain in a single financial instrument obtained through an investment banking transaction during the 2nd quarter of 2008.

Compensation and Benefits

Compensation and benefits decreased $5.7 million, or 21.4%, while net revenues decreased 1.2%for the first half of 2008. The ratio of compensation to net revenues was approximately 46.4% for 2008 period as compared to 57.5% for 2007 period. The decrease in compensation and benefits is attributed to: (1) a migration from a fixed compensation structure to a variable compensation structure during the second quarter of 2008 whereby certain senior bankers are subject to draws rather than fixed salaries; (2) limitations on the grant of sign-on and guaranteed payments not based on service and performance; and (3) reductions in the pay-outs on non-cash based revenue.

Non-Compensation Expenses

Non-compensation expense was $11.5 million for the first six months of 2008 versus $8.3 million for the prior year period, or 25.7% of net revenues for the first six months of 2008 versus 18.1% of net revenues for the prior year period. Non-personnel expenses increased due to: (1) an impairment charge of $1.1 million related to our R&R TechBio, LLC and Techvest, LLC subsidiaries; (2) incremental public company costs including legal, accounting and auditing and other consulting fees; (3) recruiting expenses related to the hiring of senior level employees; (4) an increase in rental expenses due to expansion of our platform and headcount; (5) an increase in conferences expenses due to exchange ratio between the EURO and the U.S. dollar; and (6) an increase in amortization expenses due to customer relationship intangible assets which the Company purchased during second quarter of 2008.

Income Taxes

Income tax expense were, respectively, $4.2 million and $5.1 million for the three and six months ended June 30, 2008. During the first half of 2008 we commenced an evaluation of our past state and local tax practices during which we determined that we should be incurring income taxes in the jurisdiction where the revenue is generated rather than the location of our employees. As a result of this state and local tax review, which we expect to complete during the third quarter of 2008, we have decreased our effective tax rate from 45% for the year ended 2007 to 42% for the first half of 2008.

Liquidity and Capital Resources

We have historically satisfied our capital and liquidity requirements through cash generated internally from operations. In addition, in March 2007, we completed a $20 million private placement to accredited investors (the Private Placement), and in October 2007 we completed the Offering, which generated net proceeds of approximately $37.2 million.

At June 30, 2008, we had liquid assets, consisting of cash and cash equivalents, cash segregated and due from clearing broker, of $31.1 million and working capital of $44.2 million. At December 31, 2007, we had liquid assets of $56.7 million and working capital of $58.6 million.

The timing of bonus and retention compensation payments to our employees may significantly affect our cash position and liquidity from period-to-period. While our employees are generally paid salaries and draws on a semi-monthly basis during the year, bonus payments, which make up a significant portion of total compensation, are generally paid semi-annually, although in some cases annually.

As a registered securities broker-dealer, we are subject to the net capital requirements of the uniform net capital requirement set forth in Rule 15c3-1 promulgated by the United States Securities and Exchange Commission (SEC) pursuant to the Securities and Exchange Act of 1934, as amended (the Exchange Act). SEC regulations also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At June 30, 2008 and December 31, 2007, we had excess net capital of $5.3million and $9.0 million, respectively. Regulatory net capital requirements may change based on investment and underwriting activities.

Because of the nature of settlement transactions in our investment banking and brokerage business, we regularly monitor our liquidity position, including our cash and net capital positions. We believe that our current level of equity capital, combined with funds anticipated to be provided by operating activities, will be adequate to meet our liquidity and regulatory capital requirements for at least the next 12 months.

Cash Flows

For the six months ended June 30, 2008, we had a net decrease in cash and cash equivalents of $27.0 million. Operating activities used cash of $7.8 million; investing activities used cash of $16.8 million; and financing activities used cash of $2.4 million. The primary components of cash used by operating activities were: (a) an increase in financial instruments of $19.9 million; (b) an increased of $3.3 million in other assets; and (c) a $2.4 million increase in cash segregated offset by: (i) share based compensation of $2.8 million; (ii) an increase in accrued compensation payable of $3.0 million; (iii) net income of $7.1 million; and (iv) an increase in deferred taxes of $4.9million. The primary components of cash used by investing activities were: (i) $4.5 million in connection with the acquisition of Miller Mathis & Co. LLC; (ii) $7.0 million in connection with the acquisition of COSCO; and (iii) $5.0 million purchase of a customer list. The primary components of cash used by financing activities were $1.0 million for purchasing of treasury stock and a $1.4 million distribution to former members.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. Market risk is inherent in all financial instruments. Market risk may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Our exposure to market risk is directly related to our role as a financial intermediary in customer trading and to our market-making and investment activities.

We trade in equity securities as an active participant in both listed and OTC equity markets. We maintain securities in inventory to facilitate our market-making activities and customer order flow. Although we do not engage in proprietary trading, we may use a variety of risk management techniques and hedging strategies in the ordinary course of our trading business, including establishing position limits by product type and industry sector, closely monitoring inventory turnover, maintaining long and short positions in related securities, and using exchange-traded equity options and other derivative instruments. We do not use derivatives for speculative purposes.

In connection with our trading business, management also reviews reports appropriate to the risk profile of specific trading activities. Typically, market conditions are evaluated and transaction details and securities positions are reviewed. These activities seek to ensure that trading strategies are within acceptable risk tolerance parameters, particularly when we commit our own capital to facilitate client trading. Our accounting department is actively involved in ensuring the integrity and clarity of the daily profit and loss statements, to the extent that we maintain trading positions for a period longer than one day. Activities include price verification procedures, position reconciliation and review of transaction booking. We believe that these procedures, which stress timely communications between our traders and senior management, are important elements of the risk management process.

Equity Price Risk

Equity price risk represents the potential loss in value due to adverse changes in the level or volatility of equity prices. We are exposed to equity price risk through our trading activities in both listed and OTC equity markets as well as our investment portfolio. We attempt to reduce the risk of loss inherent in our inventory of equity securities by establishing position limits and monitoring inventory turnover to mitigate our market risk profile. In any period, we may experience losses as a result of price declines, lack of trading volume, and illiquidity. From time to time, we may engage in a large block trade in a single security or maintain large position concentrations in a single security or warrant, securities of a single issuer, or securities of issuers engaged in a specific industry. Any downward price movement in these securities could result in a reduction of our revenues and profits. In addition, we may engage in hedging transactions that, if not successful, could result in losses.

Interest Rate Risk

Interest rate risk represents the potential loss from adverse changes in market interest rates. As we may hold U.S. Treasury securities and other fixed income securities as well as convertible debt securities and incur interest-sensitive liabilities from time to time, we are exposed to interest rate risk arising from changes in the level and volatility of interest rates and in the shape of the yield curve. Interest rate risk is managed through the use of short positions in U.S. government and corporate debt securities and other instruments.

Credit Risk

Our Broker-Dealer places and executes customer orders. The orders are then settled by an unrelated clearing organization that maintains custody of customers securities and provides financing to customers.

Through indemnification provisions in our agreement with our clearing organization, customer activities may expose us to off-balance-sheet credit risk. We may be required to purchase or sell financial instruments at prevailing market prices in the event a customer fails to settle a trade on its original terms or in the event cash and securities in customer margin accounts are not sufficient to fully cover customer obligations. We seek to control the risks associated with brokerage services for our customers through customer screening and selection procedures as well as through requirements that customers maintain margin collateral in compliance with governmental and self-regulatory organization regulations and clearing organization policies.

Most of our cash is held in two depository institutions. Our accounts are insured by the U.S. government but only up to a maximum of $100,000 per account. Our cash balances vary from time to time based on a variety of factors but in most cases are significantly in excess of the insurable limit. As a result, we have exposure on these accounts in the event these financial institutions become insolvent.

Item 4T. Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SECs rules and forms; and (ii) accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We face significant legal risks in our businesses and, in recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings against investment banking firms have been increasing. These risks include potential liability under Federal securities and other laws in connection with securities offerings and other transactions, as well as advice and opinions we may provide concerning strategic transactions. In addition, like most investment banking firms, we could be the subject of claims made by current and former employees arising out of their employment or termination of employment with us. These claims often relate to dissatisfaction with an employees bonus or separation payment, or involve allegations that the employee was the subject of some form of discrimination, retaliation or other unlawful employment practice.

The following constitute our material pending legal proceedings as of the date of this report:

On or about October 18, 2006, we, as claimant, filed a statement of claim with FINRA against Matthew N. Murray (Murray), a former research analyst whom we terminated on March 2, 2006 for engaging in unprofessional conduct (*Rodman & Renshaw, LLC v. Mathew N. Murray,* FINRA Dispute Resolution Arbitration No. 0604643). The petition at that time asserted claims for defamation, tortious interference with business relations, breach of fiduciary duty, conversion, breach of contract, and prima facie tort. In that proceeding, we seek compensatory damages against Murray of at least $10 million, plus punitive damages of at least $15 million, together with certain injunctive relief. The claims relate to wrongful activities allegedly undertaken by Murray.

On October 6, 2006, we and our senior officers filed an action (the SDNY Action) in the U.S. Federal District Court for the Southern District of New York (*Rodman & Renshaw, LLC, John Borer, Edward Rubin, Michael Vasinkevich, and Wesley K. Clark v. Mathew N. Murray,* U.S. District Court, Southern District of New York, 06 CV 8210 (WHP)), alleging various claims for trademark dilution, trademark infringement, cybersquatting, cyberpiracy, and false designation of origin as a result of various websites allegedly created by or at the instance of Murray using, among other things, the given names and surnames of certain of our principals and high ranking employees. The action, among other things, sought permanent injunctive relief restraining Murray from continuing the acts complained of, as well as compensatory and punitive damages, each in the amount of at least $10,000,000. On October 6, 2006, we and the other plaintiffs moved for a temporary restraining order and preliminary injunction seeking an order enjoining Murray from continuing to maintain the offending websites and directing that the sites be taken down and the domain names transferred to us and to the other plaintiffs. Murray signed an order on October 10, 2006, effectively agreeing to all of our demands, which document was so-ordered by the Court on October 11, 2006. On or about October 17, 2006, Murray filed an answer and counterclaims, which he amended on November 14, 2006, for breach of contract, defamation, and declaratory relief, seeking at least $1,000,000 each in compensatory damages and punitive damages in an amount to be determined at trial. Murray also alleges that he was promised an option to purchase two percent of Rodman for book value.

On or about November 17, 2006, the plaintiffs in the SDNY Action moved to sever and dismiss Murrays counterclaims and Murray moved to stay and preliminarily enjoin the FINRA proceeding or, in the alternative, to stay the SDNY Action. The court heard oral argument on the motions on December 21, 2006, and issued an order dated December 22, 2006, declining to stay the FINRA proceeding; declining to sever and dismiss Murrays counterclaims; and directing that the SDNY Action be stayed pending the full adjudication of FINRA proceeding.

On April 9, 2007, the statement of claim in the FINRA proceeding was amended to include the claims first set forth in the complaint in the SDNY Action and to include the individual plaintiffs in the SDNY Action as additional claimants in the FINRA proceeding. On May 24, 2007, Murray filed a motion to dismiss the amended statement of claim, as well as an answer and three counterclaims. Two of the counterclaims seek damages for breach of contract of at least $1.0 million; the third counterclaim seeks damages for defamation of at least $1.0 million, plus additional, but unspecified, compensatory and punitive damages, plus expungement of the Form U-5 that we filed in connection with Murray’s termination. Murray also seeks a declaration concerning his rights and our conduct in connection with the allegations in his answer and counterclaims and in connection with our right to adjudicate our claims in the arbitration. On August 2, 2007, claimants filed a reply to Murray’s counterclaims, an opposition to Murray’s motion to dismiss claimants’ amended statement of claim and a motion to dismiss two of Murray’s counterclaims (the counterclaim seeking damages for breach of contract in connection with Murray’s claim that he had been promised an option to purchase two percent “of Rodman” for “book value” and the counterclaim seeking damages for defamation) as well as his claims for declaratory relief. On or about August 31, 2007, Murray filed an opposition to claimants’ motion to dismiss his counterclaims and claims for declaratory relief, as well as a reply in further support of his motion to dismiss the amended statement of claim. On December 6, 2007, claimants filed a reply in further support of their motion to dismiss the second and third counterclaims asserted by Murray. On January 14, 2008, claimants filed a second amended statement of claim. On January 16, 2008, Murray filed an answer and motion to dismiss the second amended statement of claim. In December 2007 and January 2008, the Panel denied both parties’ motions to dismiss. The Panel has set hearing dates (for the FINRA arbitration proceeding) for November 24 through 26, 2008, inclusive, December 2 through 4, 2008 inclusive, January 20 through 22, 2009 inclusive, with additional hearing dates to be scheduled in the future.

The actions concerning Murray are at a preliminary stage, and although we believe that claimants will prevail on their claims and that they have meritorious defenses to Murray’s counterclaims, we are not in a position at this stage to predict or assess the likely outcome of these proceedings.

As a result of allegations by Mr. Murray that we terminated him in violation of NASD Rule 2711 (“Rule 2711”) and SEC Regulation AC (“Reg AC”) in retaliation for his desire to downgrade an issuer that he provided research coverage on, the Committee on Finance of the U.S. Senate (“SFC”) and the SEC commenced inquiries, the AG issued a subpoena and FINRA initiated an investigation.

The SFC, by letter dated May 25, 2006 from its former chairman, Senator Charles E. Grassley (“Grassley”), requested that our Chairman make himself available for an interview with Grassley’s staff and respond to certain questions in connection with Murray’s termination. By letter of the same date, Grassley, along with Senator Max Baucus, who was at that time the ranking member of the SFC, wrote to Christopher Cox, then chairman of the SEC, asking the SEC to conduct a “comprehensive and thorough examination” into our termination of Murray. Both the letter to us and the letter to Cox reference possible violations of Rule 2711 and Reg AC. We responded to the letter from Grassley and our Chairman voluntarily appeared for an interview by Grassley’s staff in July 2006. The last written correspondence from Grassley’s offices to us with respect to this matter occurred in September 2006. Neither former chairman Grassley nor the SFC has contacted us since that date, and the SFC has not, to our knowledge, issued any subpoena in connection with its inquiry.

By letter dated March 27, 2006, the SEC advised us that it was undertaking an inquiry of us and it requested that we produce documents in connection with that inquiry. Although the letter from the SEC does not specifically reference either Rule 2711 or Reg AC, the documents they requested and our counsel’s conversation with the SEC staff indicated that the focus of the inquiry was Mr. Murray’s allegations. We responded to the SEC inquiry and produced responsive documents to the SEC. In addition, we produced our chief compliance officer for an interview at the SEC.

By letter dated April 18, 2007, the SEC advised us that its inquiry had been terminated and that no enforcement action had been recommended.

On or about July 7, 2006, the AG served us with a subpoena containing a number of requests for information and documents concerning, among other things, the termination of Murray. The subpoena does not specifically reference either Rule 2711 or Reg AC. We produced documents and information responsive to the subpoena (including all of the documents that we also had previously provided to the SEC). To our knowledge, the AG has not interviewed any of our employees and we have not received any communication from the AG since the end of August 2006.

By letter dated April 10, 2006, FINRA advised us that it was reviewing matters related to the circumstances surrounding the termination of Mr. Murray and requested that we produce documents in connection with that review. By letter dated April 11, 2006, FINRA withdrew its request to avoid regulatory duplication upon learning that the SEC was also reviewing the same events. Thereafter, by letter dated May 1, 2007, following the SEC’s termination of its inquiry and in connection with its own investigation, FINRA requested the production of certain information and documentation. We have produced all information and documentation responsive to the May 1, 2007 letter. Subsequently, by letter dated July 24, 2007, FINRA requested additional information and documentation. We produced all information and documentation responsive to the July 24, 2007 letter. By letter dated August 6, 2007, FINRA requested the interviews of certain employees of our Broker-Dealer. We complied with the request for the interviews. Subsequently, by letter dated November 9, 2007, FINRA requested further information and documentation. We produced all information and documentation responsive to the November 9, 2007 letter. We have not received any further communication from FINRA since December 2007.

Item 1A. Risk Factors

RISK FACTORS

Information regarding our risk factors appears in Part I, Item 1A. of our annual report on Form 10-K for the fiscal year ended December 31, 2007 filed with the SEC on March 14, 2008. These risk factors describe some of the assumptions, risks, uncertainties and other factors that could adversely affect our business or that could otherwise result in changes that differ materially from our expectations. Other than as described below, there have been no material changes to the risk factors contained in our annual report.

Our results may be adversely affected in future periods by the volatility of securities in our portfolio.

We may engage in large block trades in a single security or maintain large position concentrations in a single security, securities of a single issuer, or securities of issuers engaged in a specific industry. Any downward price movement in these securities could result in a reduction of our revenues and profits in the future. At June 30, 2008, we owned a warrant valued at $10.8 million in a single issuer which is 37.4% of our financial instruments value.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities.

On February 20, 2008, we announced that our Board of Directors had approved a stock repurchase plan in which we may buy back up to one million shares. The following table sets forth information with respect to purchases made under the plan during the three month period ended June, 30, 2008:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number Shares that May Ye Purchased Under the
April 1 – 30, 2008	137,500	$1.47		
May 1 – 31, 2008	75,000	$1.96		
June 1 – 30, 2008	12,175	$2.00		
Total	224,675	$1.66	522,675	477,325

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2008

RODMAN & RENSHAW
CAPITAL GROUP, INC.

By: /s/ Michael Lacovara
Name: Michael Lacovara
Title: Chief Executive
Officer
(Principal Executive Officer)

By: /s/ David Horin
Name: David J. Horin
Title: Chief Financial
Officer
(Principal Financial Officer)