

PAULSON JACQUELINE M  
Form 3  
December 14, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â PAULSON CAPITAL CORP		(Month/Day/Year)	Converted Organics Inc. [COIN]	
(Last)	(First)	(Middle)	12/14/2007	
811 SW NAITO PARKWAY,Â SUITE 200			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
PORTLAND,Â ORÂ 97204			<input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner	6. Individual or Joint/Group Filing(Check Applicable Line)
(City)	(State)	(Zip)	<input type="checkbox"/> Officer <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Form filed by One Reporting Person
			(give title below) (specify below)	<input checked="" type="checkbox"/> Form filed by More than One Reporting Person
			See Footnote (1)	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

(Instr. 5)

Class A Warrants (Right to buy Common Stock)	02/13/2007	02/12/2012	Common Stock	60,000	\$ 8.25	I	See Footnote <u>(1)</u>
Class B Warrants (Right to buy Common Stock)	02/13/2007	02/12/2012	Common Stock	60,000	\$ 11	I	See Footnote <u>(1)</u>
Underwriter Warrants (Right to buy Unit)	02/13/2008	02/12/2012	Common Stock	486,000 <u>(2)</u>	\$ 6.6 <u>(2)</u>	I	See Footnote <u>(1)</u>

## Reporting Owners

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

## Signatures

Harry L. Striplin, Attorney-in-Fact for Chester L.F. Paulson	12/14/2007
<u>  </u> Signature of Reporting Person	Date
Harry L. Striplin, Authorized Agent for Paulson Capital Corp.	12/14/2007
<u>  </u> Signature of Reporting Person	Date
Harry L. Striplin, Authorized Agent for Paulson Investment Co., Inc.	12/14/2007
<u>  </u> Signature of Reporting Person	Date
Harry L. Striplin, Authorized Agent for Paulson Family LLC.	12/14/2007
<u>  </u> Signature of Reporting Person	Date
Harry L. Striplin, Attorney-in-Fact for Jacqueline M. Paulson	12/14/2007
<u>  </u> Signature of Reporting Person	Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Form filed by more than one reporting person. In addition to Paulson Capital Corp. (PLCC), the following are reporting parties: Chester L.F. Paulson, Jacqueline M. Paulson, Paulson Family LLC (LLC) and Paulson Investment Company, Inc. (PICI). These reporting parties collectively own over 10%. The address for each of the reporting parties is the same as that provided for PLCC. PICI is a registered

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broker-dealer and a wholly owned subsidiary of PLCC. Mr. and Mrs. Paulson are controlling managers of the LLC, which is a controlling shareholder of PLCC, which is the parent company of PICI. Mr. and Mrs. Paulson and the LLC expressly disclaim any beneficial ownership of securities held in the name of PLCC and PICI.

- (2) The Reporting Persons own 162,000 Underwriter Warrants. One (1) Underwriter Warrant is exercisable at \$6.60 into One (1) Unit of Converted Organics Inc. Each Unit consist of one (1) share of common stock, one (1) Class A Warrant and one (1) Class B Warrant. Each Class A Warrant is exercisable at \$8.25 into one (1) share of common stock and expire February 12, 2012. Each Class B Warrant is exercisable at \$11.00 into one (1) share of common stock and expire February 12, 2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.