

PAULSON JACQUELINE M  
Form 4  
March 27, 2008

**FORM 4**

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

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

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

## OMB APPROVAL

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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**PAULSON CAPITAL CORP**

(Last) (First) (Middle)

**811 SW NAITO  
PARKWAY, SUITE 200**

(Street)

**PORTLAND, OR 97204**

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol  
**Converted Organics Inc. [COIN]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**03/26/2008**

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_X\_\_\_\_ 10% Owner  
\_\_\_\_ Officer (give title below) \_\_\_\_X\_\_\_\_ Other (specify below)

See Footnote (1)

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_ Form filed by One Reporting Person  
\_\_\_\_X\_\_\_\_ Form filed by More than One Reporting  
Person

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D) Price			
Common Stock	03/26/2008		S		1,000	D \$ 11.75	18,337	I	See Footnote (1)
Common Stock	03/26/2008		S		1,000	D \$ 11.5	17,337	I	See Footnote (1)
Common Stock	03/26/2008		S		1,000	D \$ 11.55	16,337	I	See Footnote (1)
Common Stock	03/26/2008		S		1,077	D \$ 11.25	15,260	I	See Footnote

(1)

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

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(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Class A Warrants (Right to buy Common Stock)	\$ 8.25	03/26/2008		S	1,113	02/13/2007 02/12/2012	Common Stock	1,113
Class A Warrants (Right to buy Common Stock)	\$ 8.25	03/26/2008		S	1,000	02/13/2007 02/12/2012	Common Stock	1,000
Class B Warrants (Right to buy Common Stock)	\$ 11	03/26/2008		S	2,113	02/13/2007 02/12/2012	Common Stock	2,113
Class B Warrants (Right to buy Common Stock)	\$ 11	03/26/2008		S	1,000	02/13/2007 02/12/2012	Common Stock	1,000

## Reporting Owners

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

## Signatures

Carol A. Rice, Attorney-in-Fact for Chester L.F. Paulson	03/27/2008
__Signature of Reporting Person	Date
Carol A. Rice, Authorized Agent for Paulson Capital Corp.	03/27/2008
__Signature of Reporting Person	Date
Carol A. Rice, Authorized Agent for Paulson Investment Co., Inc.	03/27/2008
__Signature of Reporting Person	Date
Carol A. Rice, Authorized Agent for Paulson Family LLC	03/27/2008
__Signature of Reporting Person	Date
Carol A. Rice, Attorney-in-Fact for Jacqueline M. Paulson	03/27/2008
__Signature of Reporting Person	Date

## Explanation of Responses:

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

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

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

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

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