JESUP & LAMONT, INC.
Form 10-Q
August 13, 2008

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: ______________________ to ______________________

Commission File Number: 1-31292

JESUP & LAMONT, INC.
(Exact name of registrant as specified in its charter)

FLORIDA	59-3627212
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2170 WEST STATE ROAD 434, SUITE 100 LONGWOOD, FL 32779
(Address of Principal Executive Offices)

800-569-3337
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]   Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company)   Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 6, 2008 there were 20,303,030 shares of common stock, par value $.01 per share, outstanding.

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JESUP & LAMONT, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

JESUP & LAMONT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2008 (Unaudited)	December 31 2007
Assets:		
Cash and cash equivalents	$ 1,250,101	$ 535,53
Marketable securities owned, at market value	562,199	5,178,98
Securities not readily marketable, at estimated fair value	1,549,535	1,229,65
Commissions receivable from clearing organizations	2,528,104	1,672,32
Other receivables	1,224,294	795,03
Deposits at clearing organizations	3,100,090	4,177,83
Furniture and equipment, net	712,639	619,15
Prepaid expenses and other assets	749,091	1,671,21
Deferred tax assets	2,117,000	2,117,00
Notes receivable	1,295,180	979,22
Intangible assets, net	17,496,130	17,576,49
Total assets	$ 32,584,363	$ 36,552,46
Liabilities and stockholders' equity		
Liabilities:		
Line of credit payable	$ -	$ 1,999,45
Accounts payable, accrued expenses and other liabilities ..	4,683,209	4,992,31
Due to clearing organizations	1,783,746	7,689,83
Securities sold, but not yet purchased, at market value ...	310,515	522,77
Notes payable	10,645,924	9,766,17
Total liabilities	$ 17,423,394	$ 24,970,54
Commitments and contingencies		

Stockholders' equity:		
Convertible preferred stock, series C, F and G $.01 par value, 1,000,000 shares authorized, 7,062 shares of Series C, 819,987 shares of Series F, and 1,688 shares of Series G issued and outstanding	$ 8,287	$ 8,27
Common stock, $.01 par value, 100,000,000 shares authorized, 13,087,210 shares issued and 12,563,092 outstanding	125,631	111,06
Stock subscribed	7,038,105	2,000,00
Treasury stock	(733,765)	
Additional paid-in capital	30,672,495	26,324,57
Accumulated deficit	(21,949,784)	(16,861,99
Total stockholders' equity	$ 15,160,969	$ 11,581,91
Total liabilities and stockholders' equity	$ 32,584,363	$ 36,552,46

See accompanying notes to the condensed consolidated financial statements.

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JESUP & LAMONT, INC. AND SUBSIDIARIES (UNAUDITED)
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED June 30, 2008	THREE MONTHS ENDED June 30, 2007
Revenues:		
Commissions and fees	$ 7,406,599	$ 6,991,908
Trading income	1,848,455	2,283,164
Investment banking income	839,662	5,222,016
Net gains (losses) on securities received for investment banking services	(470,148)	(381,020)
	9,624,568	14,116,068
Expenses:		
Employee compensation and benefits	2,756,060	4,924,714
Commissions and clearing costs	8,234,005	7,648,360
General and administrative	2,771,717	2,568,526
	13,761,782	15,141,600
Loss from operations	(4,137,214)	(1,025,532)
Other income (expenses):		
Gain on settlement	806,744	-
Interest income	23,353	386,312
Interest expense and financing fee	(781,925)	(530,039)

	48,172	(143,727)
Loss before income taxes	(4,089,042)	(1,169,259)
Less: Provision for income taxes	-	-
Net loss	(4,089,042)	(1,169,259)
Preferred stock dividends	(43,234)	(46,733)
Net loss applicable to common shareholders	$ (4,132,276)	$ (1,215,992)
Basic and diluted loss per share applicable to common shareholders:		
Loss per share-basic and diluted	$ (0.35)	$ (0.11)
Loss per share diluted	$ (0.35)	$ (0.11)
Weighted average shares outstanding:		
Basic	11,858,857	11,033,503
Diluted	11,858,857	11,033,503

See accompanying notes to the condensed consolidated financial statements.

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JESUP & LAMONT, INC. AND SUBSIDIARIES (UNAUDITED)
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	SIX MONTHS ENDED June 30, 2008	SIX MONTHS ENDED June 30, 2007
Revenues:		
Commissions and fees	$ 15,052,896	$ 16,937,071
Trading income	4,551,845	4,544,289
Investment banking income	2,244,449	6,815,340
Net gains (losses) on securities received for investment banking services	(233,963)	(220,997)
	21,615,227	28,075,703
Expenses:		
Employee compensation and benefits	5,435,228	8,961,738
Commissions and clearing costs	16,217,784	16,864,162
General and administrative	4,704,230	4,742,160

	26,357,242	30,568,060
Loss from operations	(4,742,015)	(2,492,357)
Other income (expenses):		
Gain on settlement	806,744	-
Interest income	35,061	407,450
Interest expense and financing fee	(1,097,612)	(1,138,749)
	(255,807)	(731,299)
Loss before income taxes	(4,997,822)	(3,223,656)
Less: Provision for income taxes	-	-
Net loss	(4,997,822)	(3,223,656)
Preferred stock dividends	(89,967)	(80,766)
Net loss applicable to common shareholders	$ (5,087,789)	$ (3,304,422)
Basic and diluted loss per share applicable to common shareholders:		
Loss per share-basic and diluted	$ (0.44)	$ (0.31)
Loss per share diluted	$ (0.44)	$ (0.31)
Weighted average shares outstanding:		
Basic	11,481,243	10,728,168
Diluted	11,481,243	10,728,168

See accompanying notes to the condensed consolidated financial statements.

JESUP & LAMONT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED June 30, 2008
Cash flows from operating activities	
Net loss	$ (4,997,822)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	195,188
Amortization of customer lists	80,363

Amortization of note discount	160,763
Unrealized net (gain) loss on trading securities	(143,971)
Stock compensation expense	450,681
Amortization of notes receivable	115,541
Unrealized gains on securities received for investment banking services	(319,876)
Gain on settlement	(806,744)
(Increase) decrease in operating assets:	
Commissions receivable from clearing organizations	(855,776)
Deposits at clearing organizations	1,077,747
Other receivables	(429,264)
Marketable trading account securities, net	4,760,760
Prepaid expenses and other assets	94,672
Due from employees	-
Cash in escrow fund	-
Increase (decrease) in operating liabilities:	
Accounts payable, accrued expenses and other liabilities	(309,105)
Payable to brokers, dealers and clearing organizations	(5,906,084)
Securities sold, not yet purchased	(212,256)
Total adjustments	(2,047,361)
Cash used by operating activities	(7,045,183)
Cash flows from investing activities	
Purchases of furniture and equipment	(288,674)
Issuance of notes receivable to employees	(431,500)
Total cash used by investing activities	(720,174)
Cash flows from financing activities	
Payments of notes payable and line of credit	(470,000)
Proceeds from sale of preferred stock	1,997,495
Proceeds from common stock subscribed	7,038,105
Fees and commissions paid for sale of stock	(85,678)
Proceeds from sale of stock	-
Proceeds from line of credit	-
Dividends paid on preferred stock	-
Payments on short-term loans - related parties	-
Proceeds from short-term loans - related parties	-
Proceeds from issuance of notes payable	-
Total cash provided by financing activities	8,479,922
Net increase (decrease) in cash and cash equivalents	714,565
Cash and cash equivalents at beginning of period	535,536
Cash and cash equivalents at end of period	$ 1,250,101

See accompanying notes to the condensed consolidated financial statements.

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JESUP & LAMONT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - Continued

	SIX MONTHS ENDED June 30, 2008
Supplemental cash flow information:	
Interest paid	$ 664,133
Supplemental disclosures of non-cash investing and financing activities:	
Accrued preferred stock dividends, net of payments	$ 89,967
Line of credit converted to note payable	$ 1,999,450
Notes payable canceled	$ 861,105
Other assets offset against notes payable	$ 675,297
Issuance of note to pay liability	$ 50,640
Acquisition of treasury stock	$ 733,765
Acquisition of Long Island Office:	
Cancellation of note	$ -
Accrued liabilities	$ -
	$ -
Issuance of stock to pay liability	$ -
Notes converted to common stock	$ -
Issuance of note receivable to employee	$ -
Conversion of preferred stock to common stock	$ -

See accompanying notes to the condensed consolidated financial statements.

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JESUP & LAMONT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION. The accompanying interim consolidated financial statements of Jesup & Lamont, Inc. ("JLI") and its wholly owned subsidiaries; Empire Financial Group, Inc. ("EFG"), Empire Investment Advisors, Inc. ("EIA"), and Jesup & Lamont Securities Corporation ("JLSC"), (collectively, the "Company") are unaudited; however, in the opinion of management, the interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. All intercompany balances and transactions have been eliminated in consolidation. Certain footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the applicable rules and regulations of the Securities and Exchange Commission. The results of operations for the six months ended June 30, 2008, are not necessarily indicative of the results to be expected for the year ending December 31, 2008. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2007 appearing in the Company's Annual Report on Form 10-KSB/A for the year ended December 31, 2007, as filed with the Securities and Exchange Commission.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE. "Marketable securities owned" and "Securities sold, but not yet purchased" on our consolidated statement of financial condition are carried at fair value or amounts that approximate fair value, with related unrealized gains and losses recognized in our results of operations. The determination of fair value is fundamental to our financial condition and results of operations and, in certain circumstances, it requires management to make complex judgments.

Fair values are based on listed market prices, where possible. If listed market prices are not available or if the liquidation of our positions would reasonably be expected to impact market prices, fair value is determined based on other relevant factors, including dealer price quotations, and marketability. Warrants received from investment banking engagements are generally valued using the Black-Scholes option valuation model and management may reduce the value if there is a restriction as to when the warrants may be exercised. The Black-Scholes method uses assumptions such as volatility, interest rates, and dividend yields to determine the value.

INCOME TAXES. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are provided based on Management's assessment of the future amount to be realized.

GOODWILL AND OTHER INTANGIBLE ASSETS. The Company applies SFAS 142, Goodwill and Other Intangible Assets and performs an annual impairment test. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to

reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology. This requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth of the Company's business, the useful life over which cash flows will occur, and determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment for each reporting unit.

In connection with its acquisitions, the Company has applied the provisions of SFAS No. 141 "Business Combinations" using the purchase method of accounting. The assets and liabilities assumed were recorded at their estimated fair values. The excess purchase price, including acquisition costs, over the fair value of net tangible assets and identifiable intangible assets acquired was recorded as goodwill.

STOCK BASED COMPENSATION. Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Standards No. 123 (revised 2004), Share-Based Payment ("SFAS No. 123 (R)"), which is a revision of SFAS No. 123. SFAS No. 123 (R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach to accounting for share-based payments in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all new share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Pro forma disclosure of the fair value of new share-based payments is no longer an alternative to financial statement recognition.

Reclassifications

Certain reclassifications have been made to prior period consolidated financial statements to conform to current period presentation.

2. STOCK BASED COMPENSATION

During the six months ended June 30, 2008, the Company granted 100,000 shares of the Company's common stock and options to acquire 625,000 shares of the Company's common stock, with exercise prices of $1.03 - $1.50 per share, which had an aggregate fair value of $428,520. The Company recorded a compensation charge of $450,681 for the six months ended June 30, 2008, relating to the amortization of the fair value associated with options and stock granted. The Company will amortize the remaining values over the remaining vesting periods of the options and stock.

The Black-Scholes option valuation model is used to estimate the fair value of the options granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options that have no vesting restrictions and that are fully transferable. Options issued under the Company's option plan have characteristics that differ from traded options. Principal assumptions used in applying the Black-Scholes model for the six months ending June 30, 2008 are outlined below. In selecting these assumptions, we considered the guidance for estimating expected volatility as set forth in SFAS No. 123(R). Volatility is a measure of the amount by which the Company's common stock price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility).

Expected dividend yield: None

Risk free interest rate:	3.5% - 5.16%
Expected life:	5 years
Expected volatility:	58% - 112%

Had the Company determined compensation expense of employee stock options issued prior to January 1, 2006, based on the estimated fair value of the stock options at the grant date and consistent with the guidelines of SFAS 123, its net income would have been decreased to the pro forma amounts indicated below:

	Six months ended June 30, 2008	Six months ended June 30, 2007	Three months June 30, 2008	
Net loss applicable to common stockholders as reported	$(5,087,789)	$(3,304,422)	$(4,132,276)	$(
Subtract stock-based employee compensation expense related to stock options determined under fair value method	-	(234,776)	-	
Pro forma	$(5,087,789)	$(3,539,198)	$(4,132,276)	$(
Net loss per share applicable to common stockholders:				
As reported:				
Basic:	$ (0.44)	$ (0.31)	$ (0.35)	$
Diluted:	$ (0.44)	$ (0.31)	$ (0.35)	$
Pro forma:				
Basic:	$ (0.44)	$ (0.33)	$ (0.35)	$
Diluted:	$ (0.44)	$ (0.33)	$ (0.35)	$

3. NOTES RECEIVABLE

The Company has advanced funds to certain registered representatives in four Company owned offices. The notes receivable by location, were as follows:

	June 30, 2008	December 31, 2007
New York	$ 200,000	$ 200,000
Boston	655,333	273,833
San Francisco	345,625	455,000
Boca Raton	50,000	-
Longwood	44,222	50,388
Total notes receivable	$1,295,180	$ 979,221

4. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	June 30, 2008	December 31, 2007
Trademarks	$ 3,282,077	$ 3,282,077
Customer lists	1,157,266	1,157,266
Goodwill	13,272,165	13,272,165
	17,711,508	17,711,508
Less: accumulated amortization..........	(215,378)	(135,015)
	$ 17,496,130	$ 17,576,493

Amortization expense for intangible assets totaled $80,363 and $55,508 for the six months ended June 30, 2008 and 2007, respectively.

The estimated annual aggregate amortization expense related to amortizable intangible assets for 2008 and the five succeeding fiscal years are as follows:

Year Ending December 31,	
2008	$160,728
2009	160,728
2010	160,728
2011	160,728
2012	160,728
2013	160,728

We performed an impairment test of our intangible assets as of December 31, 2007, and determined we had no impairment of intangible assets at that date. We have determined we have one reporting unit for the test of impairment. Summary information from our impairment tests is set forth in the following.

		December 31, 2007		
Reporting Unit	Carrying Value	Estimated Fair Value	Excess Estimated Fair Value Over Carrying Value	Percent Excess Value
JLI	$17,576,493	$21,070,000	$3,493,507	19.9%

Principal assumptions used in forecasting future cash flows are outlined below:

Revenue growth rates .... 1% in 2008 and 15.0% thereafter

Expense reduction as percentage of revenue ...	22% in 2008, 5% in 2009-2012 and 0% thereafter
Useful lives over which cash flows occur	9.0 years
Residual value at end of useful life	Equal to 9th year of useful life
Weighted average cost of capital	10.5%

As part of our impairment tests, we performed sensitivity analyses with our principal assumptions. The impact on our estimated fair values of a 1% change in our principal assumptions approximated the following:

Principal Assumption	Amount
Revenue growth rates	$160,000
Expense reduction as percentage of revenue...	$900,000
Useful lives over which cash flows occur	$ 90,000
Residual value at end of useful life	$ 10,000
Weighted average cost of capital	$750,000

5. ACCRUED EXPENSES AND OTHER LIABILITIES

Accounts payable, accrued expenses and other liabilities consisted of the following:

	June 30, 2008	December 31, 2007
Accrued payroll and taxes...............	$ 999,092	$ 994,948
Accounts payable	1,568,644	778,918
Accrued legal expenses	572,168	1,288,116
Accrued commissions and management fees	82,987	119,548
Accrued preferred stock dividends	315,907	226,099
Stock subscription advance	-	1,017,000
Other accrued expenses and liabilities .	1,144,411	567,685
	$ 4,683,209	$ 4,992,314

6. NOTES PAYABLE

Notes payable consisted of the following:

	June 30, 2008	December 31, 2007
Convertible notes payable to investors, interest payable at 6.5% percent quarterly. Notes mature March 28, 2012. Notes convertible into common stock at $2.39 per share.	$ 6,387,158	$ 6,387,158
Unsecured notes payable to previous owners of Jesup & Lamont Holding Corporation. Notes accrue interest at four percent payable annually. The principal is payable at maturity on October 1, 2011.	1,638,895	2,500,000
Note payable to bank (see note 7).	1,649,450	-

Subordinated note payable to EFH Partners, interest of twenty percent payable at maturity on February 17, 2007. The note was extended to April 1, 2009 at four percent interest.	1,000,000	1,000,000
Unsecured note payable to a Company registered Representative which accrues interest at five percent per annum. Principal and interest payable on demand.	126,534	246,533
Unsecured note payable to FINRA. Note is non interest bearing and is payable in equal install- ments due September 1 and December 1, 2008	50,640	-
Total principal payable.	$10,852,677	$10,133,691
Less: Unamortized discount on notes to previous owners of Jesup & Lamont Holding Corporation.	(206,753)	(367,515)
	$10,645,924	$ 9,766,176

The annual maturities of principal on the notes payable are as follows:

Year Ending December 31,	
2008	$ 677,174
2009	2,149,450
2010	-
2011	1,638,895
2012	6,387,158
	$10,852,677

Interest expense related to notes payable totaled $522,454 and $220,041 for the six months ended June 30, 2008 and 2007, respectively.

JESUP & LAMONT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007

7. LINE OF CREDIT PAYABLE

On January 31, 2007, we obtained a $2 million credit line from Fifth Third Bank. As part of that credit line agreement, we pledged 100% of EFG's and JLSC's stock as collateral. At December 31, 2007 we had drawn $1,999,450 of the line. The line expired on February 1, 2008. The credit line was subject to two debt covenants. The first covenant required EFG and JLSC to maintain combined net capital as defined under Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934 in an amount at least equal to the amount drawn under the credit line. The second covenant required the Company to maintain tangible net worth of at least $6 million. The Company was in violation of both covenants at December 31, 2007, and had not obtained a waiver. Although it had not given any indication it intended to do so, Fifth Third Bank could have called the line of credit at anytime.

On March 19, 2008, effective as of January 29, 2008, Fifth Third Bank converted the credit line to a note payable. Under the new note payable, 100% of EFG's and JLSC's stock is still pledged as collateral. The note carries certain restrictions and requires pre-approval from Fifth Third Bank for certain events, including but not limited to, divesture of business assets. The note carries interest at the Bank's Prime Rate plus 4% (9.0% at June 30, 2008). We paid $250,000, $250,000 and $100,000 toward the principal on the note on August 1, 2008, May 1, 2008 and March 31, 2008, respectively. The note calls for monthly interest payments. Repayments of principal are due as follows:

Due Date	Amount
August 1, 2008	$ 250,000
November 3, 2008	$ 250,000
January 29, 2009	$1,149,450

8. DUE TO CLEARING ORGANIZATIONS

The balance due to clearing organizations includes balances of $1,134,713 owed to EFG's clearing firm, under a promissory note with the clearing broker. A total of $500,000 of the balance owed under this promissory note relates to a fee charged to enter into the promissory note agreement. This promissory note memorialized JLI's previous agreement with the clearing broker which precludes them from collecting this note from EFG. The note bears interest at the Broker's Call Rate plus 2.45%. The note may be paid at anytime but has no defined maturity. The note is personally guaranteed by JLI's Chairman and JLI's President and CEO. The note, as had been previously agreed with the clearing broker, was also collateralized by warrants held by the Company and was further cross collateralized by all of the shares of JLI held by EFH Partners, Inc. (See note 15.)

The clearing broker has notified us they believe EFG was over paid for past services in prior years by approximately $1.4 million. We disagree and believe we owe nothing for past services. If the clearing broker ultimately asserts this claim for payment, we will vigorously defend this matter.

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JESUP & LAMONT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007

9. TRADING INCOME

Trading income includes market making revenues which consist of net realized and net unrealized gains and losses on securities traded for the Company's own account. Trading revenues are generated from the difference between the prices paid to buy securities and the amount received from the sale of securities. Volatility of stock prices, which can result in significant price fluctuations in short periods of time, may result in trading gains or losses. Gains or losses are recorded on a trade date basis.

Equity market-making trading revenues consisted of the following:

	Six months ended June 30,		Three months ended June 30,	
	2008	2007	2008	2007

Net realized gains and losses .	$ 4,346,256	$ 5,116,924	$ 1,749,158	$ 2,058,526
Unrealized gains	744,186	814,614	186,175	383,336
Unrealized losses	(538,597)	(1,387,249)	(86,878)	(158,698)
Trading income, net	$ 4,551,845	$ 4,544,289	$ 1,848,455	$ 2,283,164

10. INVESTMENT BANKING INCOME AND NET GAINS ON SECURITIES RECEIVED FOR INVESTMENT BANKING SERVICES

Investment banking income consists of cash fees and warrants or other securities received as payment for our investment banking services. These warrants and other securities are included in securities not readily marketable. The Black-Scholes valuation model is used to estimate the fair value of the warrants and securities received. Investment banking revenues consisted of the following:

	Six months ended June 30,		Three months ended June 30,	
	2008	2007	2008	2007
Investment banking fees before warrants	$ 1,460,386	$ 6,262,551	$ 544,909	$ 4,669,227
Fair value of warrants received	784,063	552,789	294,753	552,789
Investment banking income, net	$ 2,244,449	$ 6,815,340	$ 839,662	$ 5,222,016

The volatility of stock prices underlying these warrants and securities can result in significant price fluctuations in short periods of time. These fluctuations in the value of the warrants result in warrant gains or losses. Net gains on securities received for services consisted of the following:

	Six months ended June 30,		Three months ended June 30,	
	2008	2007	2008	2007
Realized gains	$ 230,224	$ 169,823	$ 37,159	$ 169,823
Unrealized losses	(464,187)	(390,820)	(507,307)	(550,843)
	$ (233,963)	$ (220,997)	$ (470,148)	$ (381,020)

11. GAIN ON SETTLEMENTS

In May 2008, the Company entered into settlement agreements with two former officers. The agreements included offsetting receivables owed to JLI totaling $675,297 against the note payable by JLI to the former officers totaling $861,105. As part of his settlement agreement one of the former officers also received the rights to certain investment banking engagements and transferred 524,118 shares of JLI's common stock to JLI. We recorded the stock received as $733,765 of treasury stock valued at the closing market price ($1.40 per share) on the date we entered into the settlement agreement. The gain recognized on these transactions totaled $806,744 after deduction of $112,829 of accelerated discount amortization related to the canceled notes payable.

12. LOSS PER SHARE

Basic loss per share is computed by dividing the loss available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted loss per share considers the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings of the entity.

Calculation of net loss per share is as follows:

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS EN
	2008	2007	2008
Numerator for loss per share:			
Net loss	$ (4,997,822)	$ (3,223,656)	$ (4,089,042)
Preferred stock dividends	$ (89,967)	$ (80,766)	$ (43,234)
Loss attributable to common stockholders	$ (5,087,789)	$ (3,304,422)	$ (4,132,276)
Denominator:			
Basic weighted-average shares	11,481,243	10,728,168	11,858,857
Outstanding stock options	-	-	-
Outstanding warrants	-	-	-
Convertible securities	-	-	-
Diluted weighted-average shares	11,481,243	10,728,168	11,858,857
Basic and diluted loss per share:			
Basic loss per share	$ (0.44)	$ (0.31)	$ (0.35)
Diluted loss per share	$ (0.44)	$ (0.31)	$ (0.35)
Due to their anti-dilutive effect, the following potential common shares have been excluded from the computation of diluted loss per share:			
Stock options	3,431,522	3,684,443	3,431,522
Warrants	7,579,964	4,060,452	7,579,964
Convertible preferred stock Series C	353,100	353,100	353,100
Convertible preferred stock Series F	819,987	819,987	819,987
Convertible preferred stock Series G	2,481,360	-	2,481,360
Convertible notes	2,672,437	2,672,437	2,672,437
Common stock subscribed	10,422,914	-	10,422,914
Warrants subscribed	547,265	-	547,265
	28,308,549	11,590,419	28,308,549

13. EQUITY

For the six months ended June 30, 2008, the Company recorded the following stock, equity warrant and convertible debenture transactions:

On June 12, 2008, JLI entered into binding Subscription Agreements to sell an aggregate subscription amount of $1,000,000 to purchase a total of 969,696 shares of common stock, par value $0.01 per share, and five-year warrants to purchase a total of 242,424 shares of common stock. Each share of common stock was priced at $1.00 per share, the closing price on June 11, 2008. The warrants are exercisable after six months from the date of issue at a price of $1.20 per share, subject to limited antidilution protection for capital changes and similar events. The subscribers are to receive one warrant, priced at $0.125 per warrant, for each four shares of Common Stock subscribed. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

On May 13, 2008, JLI entered into binding Subscription Agreements to sell an aggregate subscription amount of $1,038,105 to purchase a total of 1,219,363 shares of common stock, par value $0.01 per share along with five-year warrants to purchase a total of 304,841 shares of common stock. Each share of common stock was priced at $0.8201 per share, the closing price on May 12, 2008. The warrants are exercisable after six months from the date of issue at a price of $0.9841 per share, subject to limited antidilution protection for capital changes and similar events. The subscribers are to receive one warrant, priced at $0.125 per warrant, for each four shares of Common Stock subscribed. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

On April 9, 2008, JLI entered into binding Subscription Agreements to sell 7,739,938 shares of common stock, par value $0.01 per share, at a price of $0.646 per share, the closing price on April 9, 2008, for an aggregate amount of $5,000,000. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

As of March 3, 2008, the Company entered into binding Subscription Agreements to sell $1,997,495 of units in a private placement to accredited investors. Each unit consists of one share of Series G 10% Subordinated Cumulative Convertible Preferred Stock, par value $0.01 per share, and five-year warrants to purchase 1,688 shares of the Company's Common Stock, par value $0.01 per share. Each share of Series G Preferred Stock is initially convertible into 1,470 shares of Common Stock, subject to limited antidilution protection for capital changes and similar events. The warrants are exercisable after six months from the date of issue at a price of $0.816 per share, subject to limited antidilution protection for capital changes and similar events. The initial conversion price of the Series G Preferred Stock is $0.68 per share, the closing price of the Company's common stock on March 3, 2008. The Subscription Agreement also includes JLI's agreement to register all shares of the common stock underlying the units. Pursuant to the terms of the transaction, the Company may pay partial liquidated damages in the amount of 1% per month of the purchase price, subject to a cap of an overall aggregate payment of 6% of the purchase price, upon any failure to (a) file a registration statement with the Securities and Exchange Commission within 30 days after the closing date of the transaction, or 30 days after filing its annual report on Form 10-KSB, whichever is later, or (b) register all shares of common stock underlying the units within 120 days of the closing date. None of the shares of common stock underlying the units will be issued until the American Stock Exchange has approved their listing.

The above sales were made for investment by accredited investors and will be issued without registration under the Securities Act of 1933, as amended, pursuant to the exemptions provided under sections 4(6) and 4(2) thereof, and pursuant to the exemption provided by Regulation D. All the securities are restricted securities and will bear a restrictive legend and be subject to stop transfer restrictions.

The Company adopted the 2000 Incentive Compensation Plan and the 2007 Incentive Compensation Plan (collectively the "Plans"). The Plans are designed to serve as an incentive for retaining directors, employees, consultants and advisors. Stock options, stock appreciation rights and restricted stock options may be granted to certain persons in proportion to their contributions to the overall success of the Company as determined by the Board of Directors.

At June 30, 2008, the Plans had outstanding options to purchase 3,431,522 shares of the Company's common stock. These options have been granted to officers, directors and key employees. Of the 3,431,522 options, 943,000 options were granted to employees, 1,025,000 were granted to our "Named Executive Officers", and 435,000 were granted to current outside members of the Board of Directors.

14. INCOME TAXES

The federal and state income tax provisions are summarized as follows:

	Six months ended June 30, 2008	Three months ended June 30, 2008
Current		
Federal	$ -	$ -
State	-	-
	-	-
Deferred		

Federal	-	-
State	-	-
	-	-
Total provision (benefit) for Income taxes	$ -	$ -

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Management believes that, based on current operations and future projections, the benefit arising from deferred tax assets totaling $2,117,000 will be realized. However, Management also believes any additional deferred tax assets which could be recorded may not be realized, and accordingly, we recorded a valuation allowance totaling $5,636,000 at June 30, 2008. The components of the Company's deferred tax assets at June 30, 2008 were as follows:

Deferred tax assets:	
Net operating loss carryforwards	$ 8,298,000
Amortization of intangibles	558,000
Deferred tax assets	8,856,000
Deferred tax liabilities:	
Value of warrants received for services	(620,000)
Amortization of intangibles	(483,000)
Deferred tax liabilities	(1,103,000)
Net deferred tax assets	
Less: Valuation allowance	(5,636,000)
Net deferred tax assets	$ 2,117,000

The Company has net operating loss carryforwards for federal tax purposes of approximately $20,745,000 which expire in years 2022 through 2028. The intangibles being amortized are primarily Internal Revenue Code Section 197 intangibles that must be amortized over 15 years for tax purposes. Specifically, the intangibles are customer base intangibles that have been fully amortized or written off due to impairment as required under SFAS 142.

15. COMMITMENTS AND CONTINGENCIES

Regulatory and Legal Matters

A competing brokerage firm commenced arbitration by filing a Statement of Claim on October 14, 2005 before FINRA alleging, among other things, that EFG improperly solicited Claimant's brokers for employment with EFG. To that end, Claimant has asserted claims against EFG for tortuous interference with contract and unfair competition. Claimant seeks $10,000,000 in damages from EFG. EFG denies the material allegations of the Statement of Claim and is vigorously defending this action. EFG has also asserted a counterclaim against Claimant for unfair competition. The parties appeared for several hearings in this arbitration in 2007. Additional hearing dates have been scheduled in 2008. We do not believe an estimate of the possible loss or range of loss can be made at this time. However, in the opinion of management, based on discussions with legal counsel, the outcome of this claim will not result in a material adverse affect on the financial position or results of operations of the Company.

A former employee has filed a claim against the Company in the amount of $5 million alleging employee discrimination. Another former employee has filed a claim against the Company in the amount $500,000 alleging breach of contract and wrongful termination. A former broker has filed a claim against the Company in the amount of $1 million alleging excessive charges. The Company intends to defend these claims vigorously and in the opinion of management, based on its discussions with legal counsel, the outcome of these claims will not result in a material and adverse affect on the financial position or results of operations of the Company or its subsidiaries.

Customer Complaints and Arbitration

From time to time, EFG and JLSC can be defendants or co-defendants in arbitration matters incidental to their retail brokerage services business. EFG and JLSC may contest the allegations of the complaints in these cases and carry an error and omission insurance policy to cover such incidences. The policy terms require that the Company pay a deductible of $100,000 per incident. In the opinion of management, based on discussions with legal counsel, the outcome of any pending matters will not result in a material adverse affect on the financial position or results of operations of the Company or its subsidiaries.

The Company's subsidiaries' business involves substantial risks of liability, including exposure to liability under federal and state securities laws in connection with the underwriting or distribution of securities and claims by dissatisfied clients for fraud, unauthorized trading, churning, mismanagement and breach of fiduciary duty. In recent years there has been an increasing incidence of litigation involving the securities industry, including class actions which generally seek rescission and substantial damages. In the ordinary course of business, the Company operating through its subsidiaries and its principals are, and may become a party to additional legal or regulatory proceedings or arbitrations. The Company is not currently involved in any additional legal or regulatory proceeding or arbitrations, the outcome of which is expected to have a material adverse impact on the Company's business.

A customer of a retail broker brought an arbitration claim against the Company for sales practice violations, negligence and breach of fiduciary duty. We settled the claim in March 2008 and paid $700,000. Of this amount, $350,000 was recovered from our insurance carrier, $250,000 has been recorded as receivables due from the broker and JLSC's previous owner, and $100,000 was expensed to operations in March 2008.

A former Branch Manager has brought an arbitration proceeding claiming that he is due unpaid compensation of an unspecified amount. The Company disputes these allegations and is defending against the claim.

Business Interruption

On April 9, 2008, EFG was notified by FINRA that FINRA believed that

EFG was out of compliance with the SEC's Net Capital Rule 15c3-1 as of April 3, 2008. Accordingly, EFG had to cease conducting a securities business, other than liquidating transactions, while purportedly remaining out of compliance with FINRA's interpretation. According to the notification from FINRA, the net capital deficiency had occurred as a result of EFG's purported failure to account for an unsecured debit balance totaling $2,034,929 at April 3, 2008, in EFG's net capital computation. This debit balance was primarily due to balances owed by JLI to its clearing broker. Before giving effect to the FINRA position, EFG had determined that its net capital at April 3, 2008 was $1,033,021, which exceeded the minimum net capital requirement by $564,021 (an excess amount challenged by FINRA). On April 10, 2008, the Company filed a notification under Exchange Act Rule 17a-11 with the SEC and FINRA, challenging the conclusions of FINRA.

EFG resumed full operations of conducting its securities business on April 15, 2008.

The temporary cessation of EFG's operations has caused significant harm to the Company as a whole. Although Management is rebuilding EFG's securities business, we cannot currently determine the long term impact of this business interruption.

In April 2008, the Company filed an action in Palm Beach County Circuit Court seeking discovery of the supporting documents, reports and analysis that were relied upon by FINRA in making its determination.

Merger of JLSC and EFG

On June 6, 2008, we filed an application to FINRA under Rule 1017(a) to transfer the operations of EFG to JLSC. Upon approval of this transfer, EFG will withdraw from FINRA membership and cease operations as a broker dealer.

16. OFF BALANCE SHEET RISKS

Clearing Arrangements. We do not carry accounts for customers or perform custodial functions related to customers' securities. We introduce all of our customer transactions, to our clearing brokers, who maintain our customers' accounts and clear such transactions. Additionally, the clearing brokers provide the clearing and depository operations for our proprietary securities transactions. These activities may expose us to off-balance-sheet risk in the event that customers do not fulfill their obligations with the primary clearing brokers, as we have agreed to indemnify our clearing brokers for any resulting losses. We continually assess risk associated with each customer who is on margin credit and record an estimated loss when we believe collection from the customer is unlikely.

Customer Claims, Litigation and Regulatory Matters. In the normal course of business, we have been and continue to be the subject of civil actions and arbitrations arising out of customer complaints relating to our broker dealer activities, as an employer and as a result of other business activities.

We have sold securities which we do not currently own and therefore will be obligated to purchase the securities at a future date. We have recorded these obligations in our financial statements at June 30, 2008 at the market values of the securities and will incur a loss if the market value increases subsequent to June 30, 2008. The occurrence of these off-balance sheet losses could impair our liquidity and force us to reduce or curtail operations.

17. CONCENTRATION OF CREDIT RISKS

We are engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, we may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is our policy to review, as necessary, the credit standing of each counterparty.

Our cash in bank accounts, at times, exceeds the Federal Deposit Insurance Corporation ("FDIC") insurable limit of $100,000. We have not experienced any previous losses due to this policy.

18. NET CAPITAL REQUIREMENTS AND VIOLATIONS OF BROKER DEALER SUBSIDIARIES

Our broker dealer subsidiaries, EFG and JLSC, are subject to the requirements of the Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, should not exceed 15 to 1. Net capital and related ratio of aggregate indebtedness to net capital, as defined, may fluctuate on a daily basis.

At June 30, 2008, EFG reported net capital of $1,184,275, which was $850,775 above the required net capital of $333,500. At June 30, 2008, JLSC reported net capital of $691,723, which was $508,305 above the required net capital of $183,418.

The ratio of aggregate indebtedness to net capital was 1.59 to 1 for EFG and 3.98 to 1 for JLSC. EFG and JLSC are exempt from Rule 15c3-3 under Paragraph (k)(2)(ii) of the Rule as all customer transactions are cleared through other broker dealers on a fully-disclosed basis.

19. SUBSEQUENT EVENT

In August 2008, the Company's Board of Directors confirmed a late July equity financing at the market of approximately $1.3 million and authorized a plan to raise additional capital to repay the $1 million note payable plus accrued interest thereon due to EFH Partners. The Company expects to complete payment of this note and interest in the third quarter of 2008.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the Selected Consolidated Financial Data and the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-KSB/A for the year ended December 31, 2007, as previously filed with the Securities and Exchange Commission. Our significant accounting policies are disclosed in the Notes to Consolidated Financial Statements found in our Annual Report on Form 10-KSB/A for the year ended December 31, 2007.

This Form 10-Q contains statements about future events and expectations which are, "forward looking statements". Any statement in this Form 10-Q that is not a statement of historical fact may be deemed to be a forward looking statement. Forward-looking statements represent our judgment about the future and are not based on historical facts. These statements include: forecasts for growth in the number of customers using our service, statements regarding our anticipated revenues, expense levels, liquidity and capital resources and other statements including statements containing such words as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," "continue" or "plan" and similar expressions or variations. These statements reflect the current risks, uncertainties and assumptions related to various factors including, without limitation, fluctuations in market prices, competition, changes in securities regulations or other applicable governmental regulations, technological changes, management disagreements and other factors described under the heading "Factors affecting our operating results, business prospects, and market price of stock" contained in our Annual Report on Form 10-KSB/A for the year ended December 31, 2007, as previously filed with the SEC. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, believed, estimated or intended. We undertake no obligation to update, and we do not have a policy of updating or revising, these forward-looking statements. Except where the context otherwise requires, the terms "we," "us," or "our" refer to the business of Jesup & Lamont, Inc. and its wholly-owned subsidiaries as previously filed with the Securities and Exchange Commission.

The terms "we" and "us" as used in this report refer to Jesup & Lamont, Inc. and its operating subsidiaries.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements which have been prepared in conformity with accounting principles generally accepted in the United States of America. Because we operate in the financial services industry, we follow certain accounting guidance used by the brokerage industry. Our consolidated balance sheet is not separated into current and non-current assets and liabilities. Certain financial assets, such as trading securities are carried at fair market value on our consolidated statements of financial condition while other assets are carried at historic values.

We account for income taxes on an asset and liability approach to financial accounting and reporting. Deferred income tax assets and liabilities are computed annually for differences between the financial and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred asset will not be realized. Income tax expense is the tax payable or refundable for the period, plus or minus the change during the period in deferred tax assets and liabilities.

ACCOUNTING FOR CONTINGENCIES

We accrue for contingencies in accordance with Statement of Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies," when it is probable that a liability or loss has been incurred and the amount can be reasonably estimated. Contingencies by their nature relate to uncertainties that require our exercise of judgment both in assessing whether or not a liability or loss has been incurred and estimated the amount of probable loss.

USE OF ESTIMATES

Note 2 to our consolidated financial statements included in our Annual Report on Form 10-KSB/A for the year ended December 31, 2007 contains a summary of our significant accounting policies, many of which require the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements for the periods presented. We believe that certain of our significant accounting policies are based on estimates and assumptions that require complex, subjective judgments which can materially impact reported results.

GOODWILL AND OTHER INTANGIBLE ASSETS

The Company applies SFAS 142, Goodwill and Other Intangible Assets to its treatment of intangible assets. Under SFAS 142, the fair value of an asset (or liability) is the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Thus, the fair value of a reporting unit refers to the amount at which the unit as a whole could be bought or sold in a current transaction between willing parties. Quoted market prices in active markets are the best evidence of fair value and shall be used as the basis for the measurement, if available. However, the market price of an individual equity security (and thus the market capitalization of a reporting unit with publicly traded equity securities) may not be representative of the fair value of the reporting unit as a whole. The quoted market price of an individual equity security, therefore, need not be the sole measurement basis of the fair value of a reporting unit. Substantial value may arise from the ability to take advantage of synergies and other benefits that flow from control over another entity. Consequently, measuring the fair value of a collection of assets and liabilities that operate together in a controlled entity is different from measuring the fair value of that entity's individual equity securities. An acquiring entity often is willing to pay more for equity securities that give it a controlling interest than an investor who would pay for a number of equity securities representing less than a controlling interest. That control premium may cause the fair value of a reporting unit to exceed its market capitalization.

Our goodwill was recorded for acquisitions which are less than two years old. We believe we have not nearly begun to realize the fair value of these acquisitions or the synergies which we believe will be realized from combining with our pre acquisition operations. For example, investment banking and the gains from warrants and other securities received from those services is becoming a primary line of business. Investment banking income and gains on securities received for those services for the years ended December 31, 2005 and 2004, totaled $266,410 and $0, respectively. However, investment banking income and gains on securities received for those services totaled $11,449,695 and $3,543,625 for the years ended December 31, 2007 and 2006, respectively, and $2,010,486 for the six months ended June 30, 2008. Furthermore, during May 2008 we added a fixed income trading business to our product group and recruited a well known individual with a proven history to build this business. We believe that adding fixed income trading to our business model will strengthen the foundation of our business for the future.

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We have determined that the fair value of each reporting unit is best estimated using a discounted cash flow methodology.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology. This requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth of the Company's business, the useful life over which cash flows will occur, and determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and potential goodwill impairment for each reporting unit.

If the Company subsequently determines its goodwill and other intangible assets have been impaired, the Company may have to write off a portion or all of such goodwill and other intangible assets. If all goodwill and other intangible assets were written off, the Company would record a non cash loss approximating $17.5 million to operations and stockholders' equity.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

There are no recently issued accounting pronouncements which are not yet effective which would have a material effect on our financial condition or results of operations.

RESULTS OF OPERATIONS:

The results of our operations for the three months and six months ended June 30, 2008 as compared to the same periods in 2007 were adversely impacted by general market and economic conditions and the addition of a new line of business.

During May 2008 we added a fixed income trading business to our product group and recruited a well known individual with a proven history to build this business. Although we believe that adding fixed income trading to our business model will strengthen the foundation of our business for the future, we have incurred substantial start up costs but have not yet had the time to build the revenues related to this new business.

Our investment banking business has been adversely impacted by the general downturn in economic activity and the resulting decline in the number of financial transactions. The decline in investment banking revenue in the three months ended June 30, 2008, is especially dramatic when compared to the same period in 2007 as we recorded the highest investment banking revenue in our history in the second quarter of 2007.

Further discussions of the results of our operations are provided below.

Three months ended June 30, 2008 compared to three months ended June 30, 2007:

Revenues:

Total revenues for the three months ended June 30, 2008 were $9,624,568, a decrease of $4,491,500, or 32%, of total revenues of $14,116,068 for the same period in 2007. This decrease is primarily due to the reasons described below:

Commissions and fees revenues for the three months ended June 30, 2008 were $7,406,599, an increase of $414,691 or approximately 6%, from our commissions and fees revenues of $6,991,908 for the comparable period in 2007. Commissions and fees revenues accounted for approximately 77% and 50%, of our total revenues for the three month periods ended June 30, 2008 and 2007, respectively.

For the three months ended June 30, 2008 trading income was $1,848,455, a decrease of $434,709, or approximately 19%, from our trading income of $2,283,164 for the comparable period in 2007. Trading income accounted for approximately 19% and 16%, of our total revenues for the three month periods ended June 30, 2008 and 2007, respectively.

For the three months ended June 30, 2008, our investment banking revenues were $839,662, a decrease of $4,382,354, or approximately 84%, from our investment banking revenues of $5,222,016 for the comparable period in 2007. The decrease was primarily due to general market conditions confronting the financial services industries. Investment banking revenues accounted for approximately 9% and 37% of our revenues for the three month periods ended June 30, 2008 and 2007, respectively.

For the three months ended June 30, 2008 losses on securities received from investment banking services were ($470,148), an increase of ($89,128), or approximately 23% increase, from our losses of ($381,020) for the comparable period in 2007. Losses on securities received for investment banking services accounted for approximately (5%) and (3%), of our total revenues for the three month period ended June 30, 2008 and 2007, respectively.

Expenses:

Employee compensation and benefits were $2,756,060 and $4,924,714 for the three months ending June 30, 2008 and 2007, respectively. The decrease of $2,168,654, or 44%, was due primarily to payouts on investment banking income in 2007 and a reduction in number of employees in 2008 due to our plan to cut costs.

Commissions and clearing costs were $8,234,005 and $7,648,360 for the three months ending June 30, 2008 and 2007, respectively. The increase of $585,645, or 8%, was due primarily to a change in the mix of our revenues to revenues with predominantly higher commissions.

General and administrative expenses were $2,771,717 and $2,568,526 for the three months ending June 30, 2008 and 2007, respectively. The increase of $203,191, or 8%, was due primarily to increased regulatory related expenses.

Interest expense and financing fee was $781,925 and $530,039 for the three months ending June 30, 2008 and 2007, respectively. The increase of $251,886, or 48%, was due primarily to a $500,000 fee due to Penson offset by the payment of notes outstanding in 2007.

For the three months ended June 30, 2008 the Company entered into a settlement agreement with a former officer and realized a net non-cash gain of $806,744.

As a result of the net loss, the provision for income taxes was zero for the three months ended June 30, 2008.

As a result of the items discussed in the preceding paragraphs, the Company incurred a net loss of $4,089,042 for the three months ended June 30, 2008 as compared to a net loss of $1,169,259 for the three months ended June 30, 2007.

Six months ended June 30, 2008 compared to six months ended June 30, 2007:

Revenues:

Total revenues for the six months ended June 30, 2008 were $21,615,227, a decrease of $6,460,476, or 23%, over total revenues of $28,075,703 for the same period in 2007. This decrease is primarily due to the reasons described below:

Commissions and fees revenues for the six months ended June 30, 2008 were $15,052,896, a decrease of $1,884,175 or approximately 11%, from our commissions and fees revenues of $16,937,071 for the comparable period in 2007. The decrease was primarily due to general market conditions. Commissions and fees revenues accounted for approximately 70% and 60%, of our total revenues for the six month periods ended June 30, 2008 and 2007, respectively.

For the six months ended June 30, 2008 trading income was $4,551,845, an increase of $7,556, from our trading income of $4,544,289 for the comparable period in 2007. Trading income accounted for approximately 21% and 16%, of our total revenues for the six month periods ended June 30, 2008 and 2007, respectively.

For the six months ended June 30, 2008, our investment banking revenues were $2,244,449, a decrease of $4,570,891, or approximately 67%, from our investment banking revenues of $6,815,340 for the comparable period in 2007. The decrease was primarily due to general market conditions confronting the financial services industries. Investment banking revenues accounted for approximately 10% and 24% of our revenues for the six month periods ended June 30, 2008 and 2007, respectively.

For the six months ended June 30, 2008 losses on securities received from investment banking services were ($233,963), an increase of ($12,966), or approximately 6% increase, from our losses of ($220,997) for the comparable period in 2007. Losses on securities received for investment banking services accounted for approximately (1%) and (0%), of our total revenues for the three month period ended June 30, 2008 and 2007, respectively.

Expenses:

Employee compensation and benefits were $5,435,228 and $8,961,738 for the six months ending June 30, 2008 and 2007, respectively. The decrease of $3,526,510, or 39%, was due primarily to reduced compensation related to payouts on investment banking income in 2007 and a reduction in number of employees in 2008.

Commissions and clearing costs were $16,217,784 and $16,864,162 for the six months ending June 30, 2008 and 2007, respectively. The decrease of $646,378, or 4%, was due primarily to reduction in revenues.

General and administrative expenses were $4,704,230 and $4,742,160 for the six months ending June 30, 2008 and 2007, respectively. The decrease of $37,930, or (1%), was due to reduced expenditures in the first quarter.

Interest expense and financing fee for the six months ending June 30, 2008 decreased to $1,097,612 as compared to $1,138,749 for the six months ending June 30, 2007. The decrease of $41,137, or 4%, was due primarily to a $500,000 fee due to Penson offset by the payment of notes outstanding in 2007.

For the six months ended June 30, 2008 the Company entered into a settlement agreement with a former officer and realized a net non-cash gain of $806,744.

As a result of the net loss, the provision for income taxes was zero for the six months ended June 30, 2008.

As a result of the items discussed in the preceding paragraphs, the Company incurred a net loss of $4,997,822 for the six months ended June 30, 2008 as compared to a net loss of $3,223,656 for the six months ended June 30, 2007.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2008, we had $32,584,363 in assets. We have financed our business primarily through private placements of stock and debt offerings.

Stockholders' equity decreased $1,383,778 to $15,160,969 at June 30, 2008, compared to $16,544,747 at June 30, 2007. This decrease is primarily due to net losses incurred, partially offset by sales of our common and preferred stock.

Due to the net loss incurred during the quarter, as adjusted for non-cash charges, offset by changes in operating assets and liabilities, net cash used by operations for the six months ended June 30, 2008 was $7,045,183 as opposed to net cash used by operations for the same period in 2007 of $5,735,269.

Cash used in investing activities for the six months ended June 30, 2008 was $720,174. The Company invested $431,500, in notes receivable primarily to provide capital to expand its Boston office. The Company used $288,674 and $162,809 to purchase furniture and equipment during the six months ended June 30, 2008 and 2007, respectively.

Cash provided from financing activities for the six months ending June 30, 2008 was $8,479,922. The Company raised $1,997,495 and $7,038,105 from the sale of preferred stock and subscription of common stock respectively, and made payments of $470,000 against notes payable.

The Company anticipates raising additional capital in 2008 and 2009 to finance the operations of the Company and provide sufficient liquidity through at least September 30, 2009.

MARKET RISK

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest and currency exchange rates, equity and commodity prices, changes in the implied volatility of interest rates, foreign exchange rates, equity and commodity prices and also changes in the credit ratings of either the issuer or its related country of origin. Market risk is inherent to both derivative and non-derivative financial instruments, and accordingly, the scope of our market risk management procedures extends beyond derivatives to include all market risk sensitive financial instruments.

We have sold securities which we do not currently own and therefore will be obligated to purchase the securities at a future date. We have recorded these obligations in our financial statements at June 30, 2008 at the market values of the securities and will incur a loss if the market value increases subsequent to June 30, 2008. The occurrence of these off-balance sheet losses could impair our liquidity and force us to reduce or curtail operations.

We are engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do no fulfill their obligations, we may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is our policy to review, as necessary, the credit standing of each counterparty. We have performed a Company wide analysis of our financial instruments and assessed the related risk. Based on this analysis, we believe the market risk associated with our financial instruments at March 31, 2008 will not have a material adverse effect on our consolidated financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk" is incorporated herein by reference.

ITEM 4T. CONTROLS AND PROCEDURES

Management, with the participation of our President and the Chief Financial Officer, carried out an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act") Rules 13a-15(e) and 15-d-15(e)) as of the end of the period covered by this report (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, 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 (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING. There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

Except for the additional risk factor discussed below, there are no material changes from the risk factors set forth in Item 1 - "Description of Business - Risk Factors", of our Annual Report on Form 10-KSB/A for the year ended December 31, 2007. Please refer to that section for disclosures regarding the risks and uncertainties related to our business.

FUTURE ACTION BY FINRA REGARDING ANY FUTURE PURPORTED VIOLATIONS OF THE NET CAPITAL RULE COULD RESULT IN FURTHER SHUTDOWNS OF OUR SECURITIES BUSINESS AND COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS AS A WHOLE

On April 9, 2008, FINRA notified EFG that FINRA believed that EFG was out of compliance with the SEC's Net Capital Rule 15c3-1 as of April 3, 2008. Accordingly, FINRA ordered EFG to cease conducting a securities business, other than liquidating transactions, while purportedly remaining out of compliance with FINRA's interpretation. Although the issue was resolved within six days so that EFG was able to resume full operations of conducting its securities business on April 15, 2008, the temporary cessation of EFG's operations has caused harm to JLI as a whole that cannot be quantified at this time. We cannot assure you that FINRA may not in the future allege similar violations of the Net Capital Rule or seek to shut down our broker-dealer subsidiaries' securities business again. If another shutdown were to occur, it could have a material adverse effect on our ability to conduct JLI's business in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On June 12, 2008, JLI entered into binding Subscription Agreements to sell an aggregate subscription amount of $1,000,000 to purchase a total of 969,696 shares of its Common Stock, par value $0.01 per share ("Common Stock"), and five-year warrants to purchase a total of 242,424 shares of its Common Stock. Each share of Common Stock was priced at $1.00, the closing price of the Common Stock on June 11, 2008. The warrants are exercisable after six months from the date of issue at a price of $1.20 per share, subject to limited antidilution protection for capital changes and similar events. The subscribers are to receive one warrant, priced at $0.125 per warrant, for each four shares of Common Stock subscribed. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale on Form S-3. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

On May 13, 2008, JLI entered into binding Subscription Agreements to sell an aggregate subscription amount of $1,038,105 to purchase a total of 1,219,363 shares of its Common Stock, par value $0.01 per share ("Common Stock"), along with five-year warrants to purchase a total of 304,841 shares of its Common Stock. Each share of Common Stock was priced at $0.8201, the closing price of the Common Stock on May 12, 2008. The warrants are exercisable after six months from the date of issue at a price of $0.9841 per share, subject to limited antidilution protection for capital changes and similar events. The subscribers are to receive one warrant, priced at $0.125 per warrant, for each four shares of Common Stock subscribed. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale on Form S-3. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

On April 9, 2008, JLI entered into binding Subscription Agreements to sell 7,739,938 shares of its Common Stock, par value $0.01 per share, at a price of $0.646 per share, the closing price of the Company's common stock on April 9, 2008, for an aggregate amount of $5,000,000. The Subscription Agreements were entered into pursuant to a private placement to accredited investors. Pursuant to the terms of the agreements, the investors have demand rights to register the purchased shares for resale on Form S-3. None of the shares of common stock will be issued until the American Stock Exchange has approved their listing.

The above sales were made for investment by accredited investors and will be issued without registration under the Securities Act of 1933, as amended, pursuant to the exemptions provided under sections 4(6) and 4(2) thereof, and pursuant to the exemption provided by Regulation D. All the securities are restricted securities and will bear a restrictive legend and be subject to stop transfer restrictions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1 Certification of Principal 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 Principal Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Principal Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

JESUP & LAMONT, INC.
(Registrant)

Date: August 13, 2008

By: /s/ Donald A. Wojnowski Jr.

Donald A. Wojnowski Jr.
President/CEO
(Principal Executive Officer)

Date: August 13, 2008

By: /s/ James M. Matthew

James M. Matthew
Chief Financial Officer
(Principal Financial Officer)