

BROADPOINT SECURITIES GROUP, INC.
Form 10-K/A
April 11, 2008

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

FORM 10-K/A

(Amendment No. 1)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2007

- 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: 014140

BROADPOINT SECURITIES GROUP, INC.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	22-2655804 (I.R.S. Employer Identification No.)
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One Penn Plaza, New York, New York (Address of principal executive offices)	10119 (Zip Code)
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Registrant's telephone number, including area code: (212) 273-7100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value \$.01 per share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

The aggregate market value of the shares of common stock of the Registrant held by non-affiliates based upon the closing price of Registrant's shares as reported on The NASDAQ Global Market on June 30, 2007 which was \$1.67 was \$21,002,491.

As of March 12, 2008, 69,474,573 shares of common stock, par value \$0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission are incorporated by reference into Part III.

BROADPOINT SECURITIES GROUP, INC.

Explanatory Note

Broadpoint Securities Group, Inc. (the “Company”) is filing this Amendment No. 1 on Form 10-K/A in order to correct a clerical omission of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (the “Form 10-K”). The conformed signature of PriceWaterhouseCoopers LLP was inadvertently omitted from the Report of Independent Registered Public Accounting Firm contained at pages 43-44 of Form 10-K. In addition, a paragraph describing certain litigation involving the Company was inadvertently omitted from Note 12 of the Company’s Consolidated Financial Statements. The Company is, thus, amending Item 8 of the Form 10-K solely for the purpose of including the aforementioned conformed signature and paragraph.

No other changes are being made to the Financial Statements or other information in Item 8. In addition, no changes are being made pursuant to this amendment to any other item of our Form 10-K other than updating of the Exhibits to include the updated Consent of PriceWaterhouseCoopers LLP and updated Certifications of the Chief Executive and Chief Financial Officers. In accordance with the SEC’s rules applicable to the filing of amendments to Annual Reports on Form 10-K, we are including in this amendment the complete text of Item 8.

Item 8. Financial Statements and Supplementary Data

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BROADPOINT SECURITIES GROUP, INC.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Broadpoint Securities Group, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) (1) present fairly, in all material respects, the financial position of Broadpoint Securities Group, Inc. at December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in item 9a. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As disclosed in footnote 15 to the consolidated financial statements, in 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 - Accounting for Uncertainty in Income Taxes.

As disclosed in footnote 16 to the consolidated financial statements, in 2006, the Company adopted Financial Accounting Standards Board Statement No. 123(R) - Share Based Payments.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

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inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

Albany, New York

March 24, 2008

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of dollars, except per share amounts)

	Years ended December 31		
	2007	2006	2005
Revenues			
Commissions	\$ 4,666	\$ 11,386	\$ 17,254
Principal transactions	21,229	40,605	40,209
Investment banking	8,127	26,643	19,309
Investment gains (losses)	2,594	(7,602)	21,591
Interest income	8,639	8,295	9,750
Fees and others	1,856	1,978	3,561
Total revenues	47,111	81,305	111,674
Interest expense	7,027	8,417	6,423
Net revenues	40,084	72,888	105,251
Expenses (excluding interest)			
Compensation and benefits	41,286	76,351	73,241
Clearing, settlement and brokerage costs	3,127	5,833	8,310
Communications and data processing	7,827	9,273	9,855
Occupancy and depreciation	6,559	9,154	9,178
Selling	4,157	4,013	4,981
Impairment	-	7,886	-
Restructuring	2,698	-	-
Other	6,055	7,819	5,636
Total expenses (excluding interest)	71,709	120,329	111,201
Loss before income taxes, discontinued operations and cumulative effect of an accounting change	(31,625)	(47,441)	(5,950)
Income tax (benefit) expense	(4,703)	(828)	7,512
Loss from continuing operations	(26,922)	(46,613)	(13,462)
Income from discontinued operations (including a pre-tax gain on sale of \$7,944) (net of taxes) (see Note 22)	7,460	2,205	3,245
Loss before cumulative effect of an accounting change	(19,462)	(44,408)	(10,217)
Cumulative effect of an accounting change (net of taxes \$0 in 2006) (see "Benefit Plans" note)	-	427	-
Net loss	\$ (19,462)	\$ (43,981)	\$ (10,217)
Basic earnings per share:			
Continuing operations	\$ (0.98)	\$ (3.08)	\$ (0.97)
Discontinued operations	0.27	0.15	0.23
Cumulative effect of an accounting change	-	0.03	-
Loss per share	\$ (0.71)	\$ (2.90)	\$ (0.74)
Diluted earnings per share:			
Continuing operations	\$ (0.98)	\$ (3.08)	\$ (0.97)