

**PAULSON INVESTMENT COMPANY, INC. WELCOMES BELLEVUE'S
WASHINGTON ASSET MANAGEMENT TO INVESTMENT TEAM**

***WAM Marks 15 Years of Serving the Seattle Area by Affiliating with Prestigious NW-Based
Independent Brokerage to Better Serve and Grow Customer Base***

BELLEVUE, Wash. – (PR Newswire) – December 17, 2008 – Paulson Investment Company, Inc. (Paulson), a wholly owned subsidiary of Paulson Capital Corp. (Nasdaq:PLCC), is pleased to welcome Washington Asset Management (WAM), a full service wealth management firm, as Paulson's newest branch office in the Pacific Northwest. Paulson has been serving the Pacific Northwest region for nearly four decades and further strengthened its commitment to providing the highest quality of client service through an affiliation with WAM, under which Paulson will serve as WAM's broker-dealer.

Paulson Investment Company, Inc. and WAM established their relationship based on shared values and goals. Paulson's deep Pacific Northwest roots, strong investment banking track record and national reputation as one of the leading independent brokerages perfectly complements WAM's mission of providing the greater Seattle area with top notch investment professionals who are committed to providing clients with a full spectrum of financial vehicles.

"Paulson Investment Company is proud to welcome Washington Asset Management of Bellevue to the Paulson team," said Trent Davis, Chief Executive Officer of Paulson Investment Company, Inc. "We continually set high standards for each of our branch offices and the WAM Bellevue investment professionals exemplify those high standards, making them a natural fit for Paulson's culture of strategic thinking, fresh ideas and tenacity in a competitive market environment."

Branch manager Brian DiJulio joined Washington Asset Management of Bellevue in 1997 and became President, CEO and majority owner in 2001. He currently oversees several representatives in the Bellevue office as well as independent WAM representatives in Bellingham and Montesano, Washington.

"Washington Asset Management is thrilled about our affiliation with Paulson Investment Company," said DiJulio. "We believe that Paulson's decades of experience, dedication to the Pacific Northwest community and successful track record in investment banking are in perfect alignment with Washington Asset Management's mission to provide our clients and brokers with the best possible tools to be successful."

DiJulio will continue his proven strategy of hiring dedicated, knowledgeable staff and retaining representatives by providing an open and collaborative work environment. DiJulio is looking to further expand the Bellevue office by hiring additional investment professionals and exploring additional Washington state branch locations in 2009.

About Paulson Capital Corporation

Paulson Capital Corporation is the parent company to Paulson Investment Company, Inc. Headquartered in Portland, Oregon, Paulson Investment Company, Inc. is the Northwest's largest independent brokerage firm and a national leader in public offerings of small and emerging growth companies with capital needs of \$5 million to \$45 million. Founded by Chester "Chet" Paulson in 1970, it has managed or underwritten 163 securities offerings and has generated more than \$1.2 billion for client companies. The firm's enduring success stems from its ability to recognize emerging industry trends and from supporting emerging companies pioneering positive change and advancements in those related markets.

With 41 branch offices throughout the country, Paulson Investment Company, Inc. aims to earn and build trust with retail and select institutional investors through highly customized financial portfolio management, diversified financial products and service offerings and effective administration and execution of investment strategies that specifically address individual risk tolerance levels. In addition, Paulson Investment Company, Inc.'s brokerage clients look to the firm for compelling new investment ideas in the small and emerging growth markets.

This release may contain "forward-looking statements" based on current expectations but involving known and unknown risks and uncertainties. Actual results of achievements may be materially different from those expressed or implied. The Company's plan and objectives are based on judgments with respect to future conditions in the securities markets as well as general assumptions regarding the economy and competitive environment in the securities industry, which can be volatile and out of our control. In particular, we make assumptions about our ability to complete corporate finance transactions and increase the volume and size of our securities trading operations, which are difficult or impossible to predict accurately and often beyond the control of the Company. Therefore, there can be no assurance that any forward-looking statement will prove to be accurate.

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