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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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8- 31225

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Capital Investment Group, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

17 Glenwood Avenue

(No. and Street)

Raleigh

(City)

NC

(State)

27603

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard K. Bryant

919-831-2370

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Batchelor, Tillery & Roberts, LLP

(Name - if individual, state last, first, middle name)

P.O. Box 18068

(Address)

Raleigh

(City)

NC

27619

(Zip Code)

SEC Mail Processing Section

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FEB 28 2009

Washington, DC
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Washington, DC
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FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

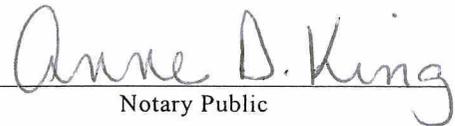
I, Richard K. Bryant, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Capital Investment Group, Inc., as of December 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature



Title



Notary Public



This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
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RALEIGH, NORTH CAROLINA 27612
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Independent Auditors' Report

The Board of Directors
Capital Investment Group, Inc.:

We have audited the accompanying balance sheets of Capital Investment Group, Inc. (the "Company") as of December 31, 2008 and 2007, and the related statements of income and retained earnings, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1-3 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Batchelor, Tillery & Roberts, LLP

February 20, 2009

CAPITAL INVESTMENT GROUP, INC.

Balance Sheets

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,716,093	1,320,471
Accounts receivable	<u>512,046</u>	<u>255,332</u>
Total current assets	<u>2,228,139</u>	<u>1,575,803</u>
Property and equipment, at cost:		
Office equipment	72,688	72,688
Leasehold improvements	<u>14,820</u>	<u>14,820</u>
	87,508	87,508
Less accumulated depreciation and amortization	<u>(87,508)</u>	<u>(87,508)</u>
Property and equipment, net	<u>-</u>	<u>-</u>
Other assets:		
Investments-available for sale	61,384	61,384
Goodwill - customer acquisition	<u>300,000</u>	<u>300,000</u>
	361,384	361,384
	<u>\$ 2,589,523</u>	<u>1,937,187</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Commissions payable	795,411	771,963
Accounts payable	88,842	80,013
Wages payable	1,188	39,483
Other payables	4,159	785
Accrued retirement	12,000	12,000
Deferred revenue	<u>22,600</u>	<u>-</u>
Total current liabilities	<u>924,200</u>	<u>904,244</u>
Stockholders' equity:		
Common stock, no par value	6,000	6,000
Additional paid-in capital	181,376	181,376
Retained earnings	<u>1,477,947</u>	<u>845,567</u>
Total stockholders' equity	<u>1,665,323</u>	<u>1,032,943</u>
	<u>\$ 2,589,523</u>	<u>1,937,187</u>

See accompanying notes to financial statements.

CAPITAL INVESTMENT GROUP, INC.

Statements of Income and Retained Earnings

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues	\$ <u>15,361,743</u>	<u>16,802,870</u>
Operating expenses:		
Wages, salaries and management fees	642,860	575,198
Commissions	12,276,712	14,093,307
Registration and fees	113,576	79,808
Rent and utilities	67,931	70,390
Printing	8,402	8,134
Office supplies	61,349	54,749
Publications	56,320	64,203
Travel and entertainment	75,278	87,263
Insurance	352,674	332,653
Taxes	25,402	13,984
Promotion	95,379	28,640
Litigation and claims	59,164	19,381
Professional fees	85,299	63,167
Retirement	12,000	12,000
Seminar	233,833	203,562
Insurance division	105,335	40,969
Miscellaneous	<u>120,795</u>	<u>229,773</u>
	<u>14,392,309</u>	<u>15,977,181</u>
Operating income	<u>969,434</u>	<u>825,689</u>
Other income (expense):		
Management fee from related party	251,400	182,000
Interest income	22,146	33,308
Interest expense	<u>-</u>	<u>(6,352)</u>
	<u>273,546</u>	<u>208,956</u>
Net income	1,242,980	1,034,645
Retained earnings, beginning of year	845,567	342,011
Dividends paid	<u>(610,600)</u>	<u>(531,089)</u>
Retained earnings, end of year	\$ <u>1,477,947</u>	<u>845,567</u>

See accompanying notes to financial statements.

CAPITAL INVESTMENT GROUP, INC.

Statements of Cash Flows

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Net income	\$ 1,242,980	1,034,645
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(256,714)	(17,246)
Commissions payable	23,447	47,770
Accounts payable	8,830	47,866
Wages payable	(38,295)	39,483
Other payables	3,374	(177)
Litigation settlement	-	(125,000)
Deferred revenue	<u>22,600</u>	<u>-</u>
Net cash provided by operating activities	<u>1,006,222</u>	<u>1,027,341</u>
Cash flows from investing activities - payments received on notes receivable	<u>-</u>	<u>50,710</u>
Cash flows from financing activities:		
Payment of dividends	(610,600)	(531,089)
Payments on liabilities subordinated to the claims of general creditors	<u>-</u>	<u>(300,000)</u>
Net cash used in financing activities	<u>(610,600)</u>	<u>(831,089)</u>
Net increase in cash and cash equivalents	395,622	246,962
Cash and cash equivalents, beginning of year	<u>1,320,471</u>	<u>1,073,509</u>
Cash and cash equivalents, end of year	\$ <u>1,716,093</u>	<u>1,320,471</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>-</u>	<u>6,352</u>

See accompanying notes to financial statements.

CAPITAL INVESTMENT GROUP, INC.

Notes to Financial Statements

December 31, 2008 and 2007

(1) Organization and Significant Accounting Policies

The Company was incorporated as Capital Investment Group, Inc. (the "Company"), a North Carolina corporation, on January 4, 1984 to provide investment services to investors as a fully disclosed introducing broker-dealer. The Company operates as Capital Investment Group, Inc. in North Carolina and is licensed to operate in all other forty-seven contiguous states plus Alaska. It operates in states other than North Carolina primarily through independent representatives. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the Financial Industry Regulation Authority, Inc. (FINRA). The Company's securities are cleared through a clearing broker-dealer. The Company does not maintain customers' security accounts nor does it perform custodial functions related to customer securities.

Revenue Recognition

The Company recognizes revenue from securities transactions on a trade-date basis.

Deferred Revenue

The Company records revenue received in advance on the management fee as deferred revenue and recognizes it as revenue in the period earned.

Basis of Presentation

The Company's policy is to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the financial statements, cash and cash equivalents include cash, deposits in interest-bearing accounts, and other financial instruments with original maturities of less than three months.

Accounts Receivable

The Company writes off doubtful receivables in amounts equal to the estimated collection losses that will be incurred. No allowance for doubtful accounts is required for 2008 and 2007.

Property and Equipment

Property and equipment is recorded at cost and depreciated over its estimated useful lives of five to seven years using accelerated and straight-line methods.

CAPITAL INVESTMENT GROUP, INC.

Notes to Financial Statements, Continued

December 31, 2008 and 2007

(1) Organization and Significant Accounting Policies, Continued

Income Taxes

The Company has elected S corporation status under the Internal Revenue Code whereby its income is taxed to the individual stockholders; therefore, there is no tax provision for this Company.

In June 2006, the FASB (Financial Accounting Standards Board) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109, "Accounting for Income Taxes". FIN 48 created a single model to address accounting for uncertain income tax positions and established a minimum recognition threshold a tax position must meet before being recognized in the financial statements. In December 2008, the FASB delayed the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Company has deferred adoption of FIN 48 until its 2009 financial statements. Management anticipates that the adoption of FIN 48 will not have a material impact on the Company's financial statements.

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.

Goodwill

Goodwill represents the aggregate excess of the cost of assets acquired over their fair value at the date of acquisition. Each year the Company completes a goodwill impairment test. Under the impairment test, if a reporting unit's carrying amount exceeds its estimated fair value, a goodwill impairment is recognized to the extent that the reporting unit's carrying amount of goodwill exceeds the implied fair value of the goodwill. Fair value of the Company was estimated using discounted cash flows and market multiples. No impairment occurred in 2008 or 2007.

(2) Note Receivable

Capital Investment Brokerage, Inc. is a related company, which is owned by the same individuals as Capital Investment Group, Inc. These stockholders purchased certain assets from Capital Investment Group, Inc. in 1997 to form Capital Investment Brokerage, Inc. and, as a result, the stockholders have notes payable to the Company originally totaling \$375,000 to be received over ten years at 7% interest with payments of \$53,388, including principal and interest, due semi-annually. The final payment was made July 1, 2007.

CAPITAL INVESTMENT GROUP, INC.

Notes to Financial Statements, Continued

December 31, 2008 and 2007

(3) Investments Available-for-Sale

Investments available-for-sale are recorded at fair value. Unrealized holding gains and losses are excluded from earnings and are reported as a separate component of stockholders' equity until realized. These investments are generally held for long-term investments purposes. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method of determining the cost of securities. As of December 31, 2008 and 2007, investments available-for-sale consist of equity securities, and cost approximates fair value.

(4) Related Parties

The Company receives fees from Capital Investment Counsel, Inc. (a registered investment advisor and related company) as required by SEC and FINRA regulations on a monthly basis for accounts under management by Capital Investment Counsel, Inc. Total fees received in 2008 and 2007 were \$111,509 and \$82,585, respectively.

The Company also receives fees from CIC Advisors, LLC (a company related by common ownership) for accounts under management. Total fees received in 2008 and 2007 were \$129,993 and \$308,219, respectively.

The Company receives fees from Capital Advisors, LLC (a company related by common ownership) for accounts under management. Total fees received in 2008 and 2007 were \$493,216 and \$498,319, respectively.

Under a formal agreement, the Company receives a monthly management fee from Capital Investment Brokerage, Inc. for expenses paid on its behalf and for services provided by its employees. Total fees received in 2008 and 2007 were \$251,400 and \$182,000, respectively.

(5) Lease

The Company pays rent on certain office space in Raleigh, North Carolina, which is leased by Capital Investment Counsel, Inc. (a related company) currently on a month-to-month lease for approximately \$5,000 per month. The Company's portion is estimated based on the amount of space it utilizes. There is no formal agreement between the two companies.

CAPITAL INVESTMENT GROUP, INC.

Notes to Financial Statements, Continued

December 31, 2008 and 2007

(6) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the basic method, permitted by the Rule, which requires that the Company maintain minimum net capital of \$61,613, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2008, the Company had net capital of \$1,172,180 which was \$1,110,567 in excess of required net capital, and its ratio of aggregate indebtedness to net capital was 0.79 to 1.

(7) Common Stock

The authorized, issued and outstanding common stock of the Company consisted of the following as of December 31, 2008 and 2007:

	Issued and Outstanding <u>Shares</u>
Common stock - class A, voting, 50,000 shares authorized	545
Common stock - class B, non-voting, 50,000 shares authorized	<u>485</u>
	<u>1,030</u>

(8) Pension Plan

The Company maintains a defined contribution pension plan and a 401(k) profit sharing plan in accordance with applicable Internal Revenue Service guidelines. Contributions for 2008 and 2007 were \$12,000 for each year.

(9) Litigation

In 2006, the Company was a defendant in a lawsuit filed by two of its customers for alleged breach of contract. The Company signed a settlement agreement in December, 2006 in the amount of \$125,000, which was accrued in 2006. The settlement was paid in January, 2007.

(10) Line of Credit

The Company maintains a line of credit with a bank with a maximum credit limit of \$350,000 and interest payable monthly at the bank's prime rate (3.25% as of December 31, 2008). The line is collateralized by accounts receivable and equipment. There were no outstanding borrowings as of December 31, 2008 and 2007.

CAPITAL INVESTMENT GROUP, INC.

Notes to Financial Statements, Continued

December 31, 2008 and 2007

(11) Note Payable

The Company borrowed \$300,000 from an officer/stockholder on December 27, 2003. The loan bears interest at LIBOR plus 2% payable monthly. The loan matured March 31, 2007 and was paid in full. The NASD approved the loan as a subordinated liability, and it was reflected as such in the financial statements.

(12) Concentrations of Credit Risk

The Company maintains cash balances at several financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation. As of December 31, 2008 and 2007, the Company's uninsured cash balances total \$1,319,783 and \$1,193,376, respectively.

Supplemental Schedules of Changes in Stockholders' Equity

Years ended December 31, 2008 and 2007

	Common <u>stock</u>	Additional paid-in <u>capital</u>	Retained <u>earnings</u>	<u>Total</u>
Balance, December 31, 2006	\$ 6,000	181,376	342,011	529,387
Net income for 2007	-	-	1,034,645	1,034,645
Dividends paid	<u>-</u>	<u>-</u>	<u>(531,089)</u>	<u>(531,089)</u>
Balance, December 31, 2007	6,000	181,376	845,567	1,032,943
Net income for 2008	-	-	1,242,980	1,242,980
Dividends paid	<u>-</u>	<u>-</u>	<u>(610,600)</u>	<u>(610,600)</u>
Balance, December 31, 2008	\$ <u>6,000</u>	<u>181,376</u>	<u>1,477,947</u>	<u>1,665,323</u>

Supplemental Schedules of Computation and Reconciliation of
Net Capital in Accordance with Rule 15c3-1 of the
Securities and Exchange Commission

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Total assets	\$ 2,589,523	1,937,187
Deduct: Aggregate indebtedness	<u>(924,200)</u>	<u>(904,244)</u>
Net worth	1,665,323	1,032,943
Add: Excluded indebtedness	-	-
Add: Subordinated liabilities	-	-
Deduct: Non-liquid assets	(468,367)	(369,421)
Deduct: Concessions	-	-
Deduct: Securities haircuts	<u>(24,776)</u>	<u>(13,264)</u>
Net capital	\$ <u>1,172,180</u>	<u>650,258</u>
Capital requirements:		
Broker-dealer minimum	\$ 61,613	60,282
Net capital in excess of requirements	<u>1,110,567</u>	<u>589,976</u>
Net capital as computed above	\$ <u>1,172,180</u>	<u>650,258</u>
Net capital per December 31 Focus report, as amended (unaudited)	\$ 1,172,180	650,258
Adjustments	<u>-</u>	<u>-</u>
Adjusted net capital, December 31	\$ <u>1,172,180</u>	<u>650,258</u>

Supplemental Schedules of Computation and Reconciliation of
Net Capital in Accordance with Rule 15c3-1 of the
Securities and Exchange Commission

December 31, 2008 and 2007

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
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3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

The Board of Directors and Stockholders
Capital Investment Group, Inc.:

In planning and performing our audit of the financial statements of Capital Investment Group, Inc. (the Company), as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- 2) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate as of December 31, 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., and any other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Batchelor, Tilling & Roberts, LLP

February 20, 2009

CAPITAL INVESTMENT GROUP, INC.

**Financial Statements
and Internal Control Report**

December 31, 2008 and 2007

(With Independent Auditors' Report Thereon)

SEC Mail Processing
Section

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Washington, DC
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