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

SEC FILE NUMBER
8-52109

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 01/01/2008 AND ENDING 12/31/2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: EnergyNet.com, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

7201 I-40 W, Suite 319

(No. and Street)

Amarillo, TX 79106

(City)

(State)

(Zip Code)

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

Jim Black

(806) 351-2953

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Hein & Associates LLP

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

14755 Preston Road, Suite 320 Dallas, TX 75254

(Address)

(City)

(State)

(Zip Code)

**SEC Mail Processing**

Section

**FEB 19 2009**

**Washington, DC  
111**

CHECK ONE:

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

**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)

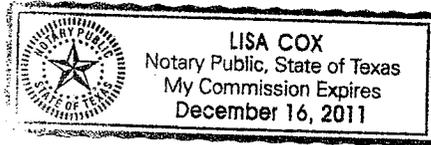
OATH OR AFFIRMATION

I, William W. Britain, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EnergyNet.com, Inc. of December 31, 2008, 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:

*[Handwritten Signature]*  
Signature

William W. Britain President/CEO  
Title

*[Handwritten Signature]*  
Notary Public Lisa Cox



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 15c3-3 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).



*ENERGYNET.COM, INC.*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
AND CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2008 AND 2007**

***ENERGYNET.COM, INC.***

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
EnergyNet.com, Inc.  
Amarillo, Texas

We have audited the consolidated statements of financial condition of EnergyNet.com, Inc. (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EnergyNet.com, Inc. as of December 31, 2008 and 2007, and the results of its operations, and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic consolidated 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 our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects to the basic consolidated financial statements taken as a whole.

*Hein & Associates LLP*  
Dallas, Texas  
February 5, 2009

**ENERGYNET.COM, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	DECEMBER 31,	
	2008	2007
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 953,066	\$ 1,024,828
Restricted cash	4,407,960	6,721,730
Short-term investments	603,820	407,763
Auction proceeds receivable	107,026	11,916,423
Securities owned, marketable, at market value	24,710	49,490
Prepaid expenses	56,393	45,971
Deferred tax assets	-	39,000
Assets related to discontinued operations	-	2,158
Equipment:		
Software	527,026	493,791
Computer equipment	374,008	244,492
Furniture and equipment	80,439	63,867
	981,473	802,150
Less accumulated depreciation	(746,534)	(642,933)
Total assets	\$ 6,387,914	\$ 20,366,580
 <b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 78,751	\$ 108,282
Income taxes payable	94,985	89,126
Auction proceeds payable	4,514,986	18,638,153
Deferred tax liabilities	42,139	-
Liabilities related to discontinued operations	-	3,024
Total liabilities	4,730,861	18,838,585
 <b>COMMITMENTS AND CONTINGENCIES (Notes 6, 7 and 8)</b>		
 <b>STOCKHOLDERS' EQUITY (Note 4):</b>		
Common stock	2,255	2,296
Paid-in capital in excess of par value	863,906	1,202,615
Retained earnings	790,892	309,658
Accumulated other comprehensive income	-	13,426
Total stockholders' equity	1,657,053	1,527,995
Total liabilities and stockholders' equity	\$ 6,387,914	\$ 20,366,580

*See accompanying notes to these consolidated financial statements.*

**ENERGYNET.COM, INC.**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

	FOR THE YEARS ENDED DECEMBER 31,	
	2008	2007
<b>REVENUES:</b>		
Commissions	\$ 4,751,437	\$ 3,116,675
Other revenue	244,128	163,918
Interest income	28,990	46,340
Trading gains	-	18,700
Total revenues	5,024,555	3,345,633
<b>EXPENSES:</b>		
General and administrative expenses	2,955,532	2,465,219
Commission paid to stockholder	470,000	76,005
Depreciation	103,601	91,726
Sales commission	662,957	286,413
Trading losses	24,780	-
Total expenses	4,216,870	2,919,363
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	807,685	426,270
<b>PROVISION FOR INCOME TAXES</b>	326,163	98,141
<b>INCOME FROM CONTINUING OPERATIONS</b>	481,522	328,129
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(288)	(139,632)
<b>NET INCOME</b>	481,234	188,497
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	(13,426)	13,426
<b>TOTAL COMPREHENSIVE INCOME</b>	\$ 467,808	\$ 201,923

*See accompanying notes to these consolidated financial statements.*

**ENERGYNET.COM, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Common Stock		Paid-in Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Par Value				
<b>BALANCE</b> , January 1, 2007	27,153,086	\$ 2,715	\$ 2,175,196	\$ 121,161	\$ -	\$ 2,299,072
Issuance of common stock pursuant to option exercises	180,000	18	26,982	-	-	27,000
Purchase and retirement of treasury shares	(4,375,000)	(437)	(999,563)	-	-	(1,000,000)
Foreign currency translation adjustments	-	-	-	-	13,426	13,426
Net income	-	-	-	<u>188,497</u>	-	<u>188,497</u>
<b>BALANCE</b> , December 31, 2007	22,958,086	2,296	1,202,615	309,658	13,426	1,527,995
Issuance of common stock pursuant to option exercises	395,000	39	61,211	-	-	61,250
Purchase and retirement of treasury shares	(800,000)	(80)	(399,920)	-	-	(400,000)
Foreign currency translation adjustments	-	-	-	-	(13,426)	(13,426)
Net income	-	-	-	<u>481,234</u>	-	<u>481,234</u>
<b>BALANCE</b> , December 31, 2008	<u>22,553,086</u>	<u>\$ 2,255</u>	<u>\$ 863,906</u>	<u>\$ 790,892</u>	<u>\$ -</u>	<u>\$ 1,657,053</u>

*See accompanying notes to these consolidated financial statements.*

**ENERGYNET.COM, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED	
	DECEMBER 31,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 481,234	\$ 188,497
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	103,601	91,726
Deferred tax expense	81,139	23,000
Decrease (increase) in operating assets:		
Restricted cash	2,313,770	(1,998,251)
Auction proceeds receivable	11,811,503	(9,959,074)
Securities owned	24,780	(18,700)
Prepaid expenses	(10,422)	(22,339)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(30,378)	(172,345)
Income taxes payable	5,859	(241,134)
Auction proceeds payable	(14,125,325)	11,957,612
Net cash provided by (used in) operating activities	655,761	(151,008)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Software development costs	(33,235)	(19,346)
Purchase of equipment	(146,088)	(37,456)
Change in short-term investments	(196,057)	(694)
Net cash used in investing activities	(375,380)	(57,496)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Purchase and retirement of treasury shares	(400,000)	(1,000,000)
Proceeds from stock option exercises	61,250	27,000
Net cash used in financing activities	(338,750)	(973,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(58,369)	(1,181,504)
<b>EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS</b>	(13,393)	13,209
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,024,828	2,193,123
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 953,066	\$ 1,024,828
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ 239,165	\$ 316,275

*See accompanying notes to these consolidated financial statements.*

*ENERGYNET.COM, INC.*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of EnergyNet.com, Inc. (the "Company") is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates which are determined by management.

*Organization and Basis of Presentation*

EnergyNet.com, Inc. is a Texas corporation. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The Company is primarily engaged in facilitating the sale of operated and nonoperated working interests, producing and nonproducing mineral interests, and royalty and overriding royalty interests in crude oil and natural gas properties between registered buyers and sellers through an Internet-based live auction.

On October 18, 2005, the Company formed EnergyNet Canada Inc. in Alberta Province. EnergyNet Canada Inc. is also engaged in facilitating the sale of operated and nonoperated working interest, producing and nonproducing mineral interests, and royalty and overriding royalty interest in crude oil and natural gas properties between registered buyers and sellers through an Internet-based live auction. Effective May 31, 2008, management ceased operations in Canada and dissolved EnergyNet Canada Inc.

Assets and liabilities attributable to EnergyNet Canada Inc. are included on the Company's consolidated statement of financial condition as assets and liabilities related to discontinued operations and the operating results of EnergyNet Canada Inc. are included in the Company's consolidated statements of income and comprehensive income under loss from discontinued operations as of December 31, 2008 and 2007 and for the years then ended. All intercompany balances and transactions have been eliminated in consolidation. The following is a summary of the operating results of EnergyNet Canada Inc. for the years ended December 31:

	<u>2008</u>	<u>2007</u>
Revenues:		
Commissions	\$ -	\$ 14,676
Foreign currency translation gains	11,997	-
	<u>11,997</u>	<u>14,676</u>
Expenses:		
General and administrative expenses	12,551	151,318
Sales commission	-	2,990
	<u>12,551</u>	<u>154,308</u>
Loss before income tax benefit	(554)	(139,632)
Income tax benefit	266	-
Net loss from discontinued operations	<u>\$ (288)</u>	<u>\$ (139,632)</u>

**ENERGYNET.COM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, and all highly liquid investments with maturities of three months or less. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to cash.

Short-term Investments

Short-term investments comprise certificates of deposit, typically maturing within 180 days.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Marketable securities are valued at market value.

Equipment

Equipment is stated at cost. Software costs represent the costs of developing the Company's Internet site and developing other Internet sites under contractual agreements. Expenditures that constitute upgrades or enhancements, as defined in AICPA Statement of Position 98-1, *Accounting for the Cost of Software Developed or Maintained for Internal Use*, are capitalized.

Computers, equipment and furniture are depreciated using the double-declining balance method over five and seven years, respectively. Software is depreciated using the straight-line method over three years. Charges for repairs and maintenance that do not extend the useful lives of the related assets are expensed as incurred.

Revenue Recognition

The Company recognizes commissions on property sales at closing, which are calculated as a percentage of the sales price. Title to the crude oil and natural gas properties passes directly from the seller to the buyer. Accordingly, the Company never holds an interest in the properties listed and sold on its Internet site.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs included in general and administrative expenses amounted to \$101,791 and \$47,273 for the years ended December 31, 2008 and 2007, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the anticipated future tax effects of temporary differences between the financial statement basis and the tax basis of the Company's assets and liabilities using enacted tax rates in effect at year-end. A valuation allowance for deferred tax assets is recorded when the Company's management believes that it is more likely than not that the benefit from the deferred tax assets will not be realized.

**ENERGYNET.COM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Share-Based Compensation

The Company measures and records compensation expense for all share-based payment awards to employees and directors based on estimated fair values. Additionally, compensation costs for share-based awards are recognized over the requisite service period based on the grant-date fair value.

**2. RESTRICTED CASH, AUCTION PROCEEDS RECEIVABLE AND PAYABLE**

The Company collects auction proceeds from winning bidders on closed auctions. Such proceeds are generally due within two days of auction closing. The proceeds, net of the Company's commission and other fees, are generally due to the seller within ten days of auction closing. The cash collected from winning bidders is held in an escrow account until such funds are distributed to the owners.

Cash collected from winning bidders is reflected on the Company's statement of financial condition as restricted cash.

Auction proceeds receivable represent uncollateralized amounts receivable from winning bidders on closed auctions due under normal trade terms, generally requiring payment within two days from the invoice date. Unpaid auction proceeds receivable generally bear no interest. Auction proceeds receivable are stated at the amount billed to the customer plus any accrued and unpaid interest. Customer account balances with invoices dated over 30 days old are considered delinquent.

Management individually reviews all delinquent auction proceeds receivable balances and attempts to collect such balances. In the event that collection attempts fail, management writes off the receivable against the related proceeds payable. All auction proceeds receivable outstanding at December 31, 2008 and 2007 were collected under normal terms.

Auction proceeds due to sellers, net of the Company's commission and other fees, are reflected on the Company's statement of financial condition as auction proceeds payable. Such amounts will fluctuate depending on the level of auction closing activity in the five- to ten-day period preceding the date of the statement of financial condition. The following is a summary of the balances in restricted cash, auction proceeds receivable and auction proceeds payable at December 31:

	<u>2008</u>	<u>2007</u>
Restricted cash	\$ 4,407,960	\$ 6,721,730
Auction proceeds receivable	<u>107,026</u>	<u>11,916,423</u>
Total amounts received or due from buyers	<u>\$ 4,514,986</u>	<u>\$ 18,638,153</u>
Auction proceeds payable	<u>\$ 4,514,986</u>	<u>\$ 18,638,153</u>

The decrease in these amounts from December 31, 2007 to December 31, 2008 is attributable to lower auction closing activities in the last five to ten days of 2008 compared with the last five to ten days of 2007.

**ENERGYNET.COM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SECURITIES OWNED**

The Company's assets and liabilities measured at fair value are limited to its marketable securities owned, which consist of a single issue of corporate stocks. The following is a summary of the Company's investment as of December 31, 2008 and 2007:

	2008	2007
Cost	\$ 16,000	\$ 16,000
Unrealized gain	8,710	33,490
Fair value	<u>\$ 24,710</u>	<u>\$ 49,490</u>

The fair values of the securities above are measured using quoted prices in active markets for identical securities.

**4. STOCKHOLDERS' EQUITY**

The Company has the following elements of stockholders' equity at December 31, 2008 and 2007:

Preferred Stock

20,000,000 shares authorized, no shares outstanding at December 31, 2008 or 2007, at \$.0001 par value.

Common Stock

50,000,000 voting shares authorized, at \$.0001 par value. There were 22,553,086 and 22,958,086 shares of common stock issued and outstanding at December 31, 2008 and 2007, respectively. During June 2008, the Company purchased and retired 800,000 shares of its common stock from a shareholder for \$400,000 in cash, or approximately \$0.50 per share, representing the contractual value of those securities on the date of the transaction. During April 2007, the Company purchased and retired 4,375,000 shares of its common stock from a shareholder for \$1,000,000 in cash, or approximately \$0.23 per share, representing the fair value of those securities on the date of the transaction.

Paid-In Capital in Excess of Par Value

Represents the proceeds received in excess of par value for common and preferred shares, net of costs associated with the issuance of the shares.

Dividends

During 2008 and 2007, the Company's board of directors did not declare a dividend.

**ENERGYNET.COM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. INCOME TAXES**

The primary differences between our tax provision and tax expense at federal statutory rates were nondeductible expenses and state taxes.

The Company's net deferred tax assets and liabilities consisted of the following at December 31:

	2008	2007
Deferred tax assets:		
Net operating loss carryover – foreign	\$ -	\$ 70,000
Losses of Canadian subsidiary deductible in future periods	-	66,000
Expenses deductible in future periods	53,825	43,000
	53,825	179,000
Less valuation allowance	-	(70,000)
Total deferred tax assets	53,825	109,000
Deferred tax liabilities:		
Differences in fixed asset depreciation and capitalization methods	(76,596)	(42,000)
Unrealized gains on securities owned	-	(12,000)
Other	(19,368)	(16,000)
Total deferred tax liabilities	(95,964)	(70,000)
Net deferred tax assets (liabilities)	\$ (42,139)	\$ 39,000

**6. COMMITMENTS AND CONTINGENCIES**

**Lease Arrangements**

The Company maintains its office in Amarillo, Texas. Additionally, the Company reimburses certain employees for the use of their home offices. The Company leases its office space in Amarillo under a non-cancelable operating lease expiring June 30, 2010, and the remainder of its locations under month-to-month leasing arrangements. Rent expense related to these arrangements amounted to \$83,748 and \$85,775 for the years ended December 31, 2008 and 2007, respectively. The following is a summary of future minimum rents due under the Company's non-cancelable operating lease as of December 31, 2008:

Years ending December 31:	
2009	\$ 44,189
2010	21,194
Total	\$ 65,383

**7. 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 and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2008, the Company had net capital of \$1,398,107, which was \$1,298,107 in excess of its required net capital of \$100,000.

*ENERGYNET.COM, INC.*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company carries no customer-regulated commodities futures accounts; therefore the computation of segregated funds pursuant to Section 4d(2) of the Commodity Exchange Act is not applicable. The Company handled no customer securities or accounts during the years ended December 31, 2008 or 2007, and accordingly, is not subject to the requirements under SEC Rule 15c3-3.

**8. RELATED PARTY TRANSACTIONS**

The Company formerly had an arrangement with a stockholder under which the stockholder received a commission of 0.35% of the gross value of auctions closed on the Company's website. Amounts paid under the former arrangement are included in commission paid to stockholder on the Company's statements of income and comprehensive income. Under this arrangement \$534 was payable to the stockholder at December 31, 2007 included in accounts payable and accrued liabilities on the Company's statements of financial condition. No such amounts were payable at December 31, 2008.

During 2007, the Company changed the method of computing the commission paid under the former arrangement and filed a lawsuit against the stockholder to terminate the agreement. During 2008, the stockholder's estate asserted a claim against the Company for the difference between the amounts the Company paid to the stockholder during 2007 and the amounts to which the stockholder or its heirs felt entitled. During June 2008, the lawsuits between the two parties were dropped pursuant to a successful mediation. The Company and the heirs of the stockholder executed a Mutual Release Settlement Agreement along with a Stock Repurchase Agreement (collectively, the "Settlements"). Pursuant to the terms of the Settlements, in exchange for mutual release of all claims, the Company agreed to pay the stockholders' estate \$470,000 representing commissions purportedly owed to the stockholder and to repurchase 800,000 shares of the stockholder's common stock in the Company for \$400,000.

**9. STOCK OPTION PLAN**

The Company adopted the 2000 Equity Incentive Plan (the "Plan") on November 3, 2000. The Plan provides for grants of up to 3,750,000 options to employees, consultants and directors at exercise prices greater than or equal to market price on the date of the grant. Grants are at the discretion of the Company's Board of Directors, and the options typically vest in equal portions over four years and expire ten years from the date of grant. As of December 31, 2008, 1,427,000 options were available for future awards under the plan.

The Black-Scholes option-pricing model was used to estimate the option fair values. This option-pricing model requires a number of assumptions, of which the most significant are, expected stock price volatility, the expected option term (the amount of time from the grant date until the options are exercised or expire), expected dividends and risk-free rate. Expected volatility was estimated based on our historic trading activity. The risk-free rate was estimated using rates for U.S. Treasury notes with terms similar to the expected term of the Company's options. The expected option term was estimated based on Management's assumption that the options will not be exercised until the end of their contractual lives, or ten years.

**ENERGYNET.COM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following is a summary of the data related to option grants during the years ended December 31:

	<u>2008</u>	<u>2007</u>
Expected volatility	100%	15%
Risk-free interest rates	3.90%	3.74%
Expected dividends	—	—
Expected term (in years)	10	10
Weighted average per-share fair value of options granted	\$0.14	\$0.02

The following table summarizes stock options outstanding and activity as of and for the year ended December 31, 2008:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Intrinsic Value</u>
Outstanding at January 1, 2008	1,518,000	\$ 0.19		
Granted	150,000	0.25		
Forfeited	-	-		
Exercised	<u>(395,000)</u>	<u>0.16</u>		
Outstanding at December 31, 2008	<u>1,273,000</u>	<u>\$ 0.22</u>	<u>4.66</u>	<u>\$ -</u>
Exercisable (fully vested) at December 31, 2008	<u>1,049,250</u>	<u>\$ 0.21</u>	<u>4.15</u>	<u>\$ -</u>

The Company received \$61,250 from the exercise of options during 2008, and the related intrinsic value was insignificant. Additionally, the 2000 Equity Incentive Plan is a qualified plan under the Internal Revenue Code. Accordingly, the Company did not realize any tax deductions related to the exercise of stock options. Upon exercise, the Company issues the full amount of shares exercisable per the term of the options from new shares, with no plans to repurchase those shares in the future.

Total unrecognized share-based compensation expense from unvested stock options as of December 31, 2008 was insignificant.

**10. CONCENTRATION OF CREDIT RISK**

During 2008 and 2007, there were no sellers that represented greater than 10% of total commissions revenue. At December 31, 2008, \$79,843 of Company's accounts receivable was due from two customers. At December 31, 2007, \$8,750,105 of the Company's accounts receivable was due from one customer.

**SUPPLEMENTARY INFORMATION**

**ENERGYNET.COM, INC.**  
**SCHEDULE 1 – COMPUTATION OF NET CAPITAL UNDER FULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2008

<b>Computation of net capital:</b>	
Total stockholders' equity	\$ 1,657,053
Deduct stockholders' equity not allowable for net capital	<u>-</u>
	1,657,053
<b>Add:</b>	
Deferred tax liabilities	<u>42,139</u>
Total capital and discretionary liabilities	1,699,192
<b>Deduct:</b>	
Nonallowable assets	
Prepaid expenses	(56,393)
Equipment	(234,939)
Haircuts on securities:	
Money markets	(4,538)
Certificates of deposit	(1,508)
Stocks	<u>(3,707)</u>
Total deductions	<u>(301,085)</u>
<b>Net capital</b>	<u>\$ 1,398,107</u>
 <b>Computation of aggregate indebtedness:</b>	
Items included in the statement of financial condition:	
Accounts payable and accrued liabilities	\$ 78,751
Income taxes payable	<u>94,985</u>
<b>Total aggregate indebtedness</b>	<u>\$ 173,736</u>
<b>Percentage of aggregate indebtedness to net capital</b>	<u>12%</u>
 <b>Computation of basis net capital requirement:</b>	
Minimum dollar net capital required at 6 2/3 percent	<u>\$ 11,582</u>
Minimum dollar net capital required	<u>\$ 100,000</u>
Net capital requirement (greater of above amounts)	<u>\$ 100,000</u>
Excess net capital	<u>\$ 1,298,107</u>
 <b>Reconciliation with Company's computation:</b>	
Net capital, as reported in the Company's Part II (unaudited Focus report)	\$ 1,286,767
Net audit adjustments	<u>111,340</u>
Net capital per above	<u>\$ 1,398,107</u>

*See independent auditor's report and accompanying notes to consolidated financial statements.*



## REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL

Board of Directors  
EnergyNet.com, Inc.

In planning and performing our audit of the consolidated financial statements and supplementary information of EnergyNet.com, Inc. (the "Company"), for the year ended December 31, 2008, we considered its internal control, including control activities for safeguarding securities, to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including 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 171-3(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.
2. Recording differences required by Rule 17a-13.
3. 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 made by management are required to assess the expected benefits and related costs of internal control 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 are recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitation in any internal control or the practices and procedures referred to above, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure components does not reduce to a relatively low level the risk that errors or fraud, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, and its operations that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria 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 were adequate at December 31, 2008, to meet the SEC's objectives.

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

*Hein & Associates LLP*

Dallas, Texas  
February 5, 2009