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GFI Group Inc. Q4 2007 Earnings Conference Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Chris Allen representing Banc of America Securities.

Chris Allen – Banc of America Securities

A couple of different questions, first on the \$2.6 million charge for litigation on the accrued comp reversal. What was driving that, to have legal fees, is it something to do with the broker payouts where there was some legal aspect to it?

Michael Gooch

It's tied up with what might be considered potentially ongoing litigation that might come forward in the future as we sit here. This was a very specifically related situation that is unusual even in our business where we had this significant group of credit brokers in London who had quite extensive long term contracts still that didn't expire until end of 2009 going into 2010 that we fired in September for breach of contract.

Then became involved in certain litigation and certain disputes and the result of which is effectively the numbers you see here today which in large part sort of offset each other, we feel we won that battle since, in spite of losing significantly what was considered at one point the number one team in credit derivatives in London. Our team, the people we actually put in the seats to use CreditMatch behind them then moved on to have record revenues and as you can see we had 23% growth in the fourth quarter and we went from strength to strength.

We certainly handled the situation very well and did all the right things and this was economically how the dust settled. This is not something that will occur in every quarter, it's highly unusual, a little bit of a test case. In this particular instance it's extremely expensive to litigate in London but this is one of those things where the legal fees were very high. We actually had to pay some legal fees of our contender but it was one of those arguments where I'd say we lost the battle to win the war, if you understand my meaning.

Chris Allen – Banc of America Securities

You talked about, a little bit earlier in your comments the increased allocation around technology putting some of the cost technology back to the brokers. Where do you guys stand with that, is it

starting to show up in the numbers, what's the potential for that to impact numbers over the next year or two?

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