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Investment Dealers' Digest

# IDD

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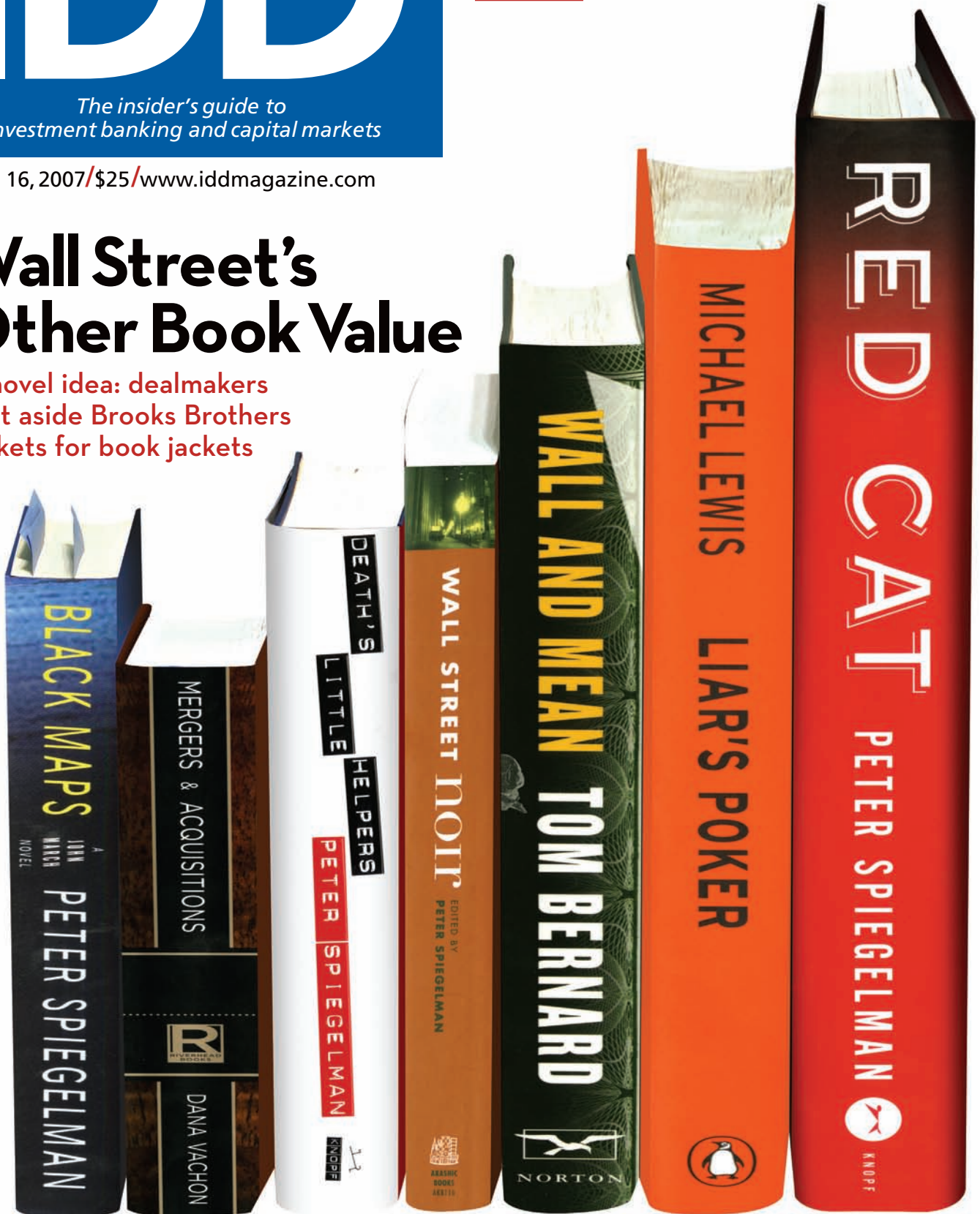
## Wall Street's Other Book Value

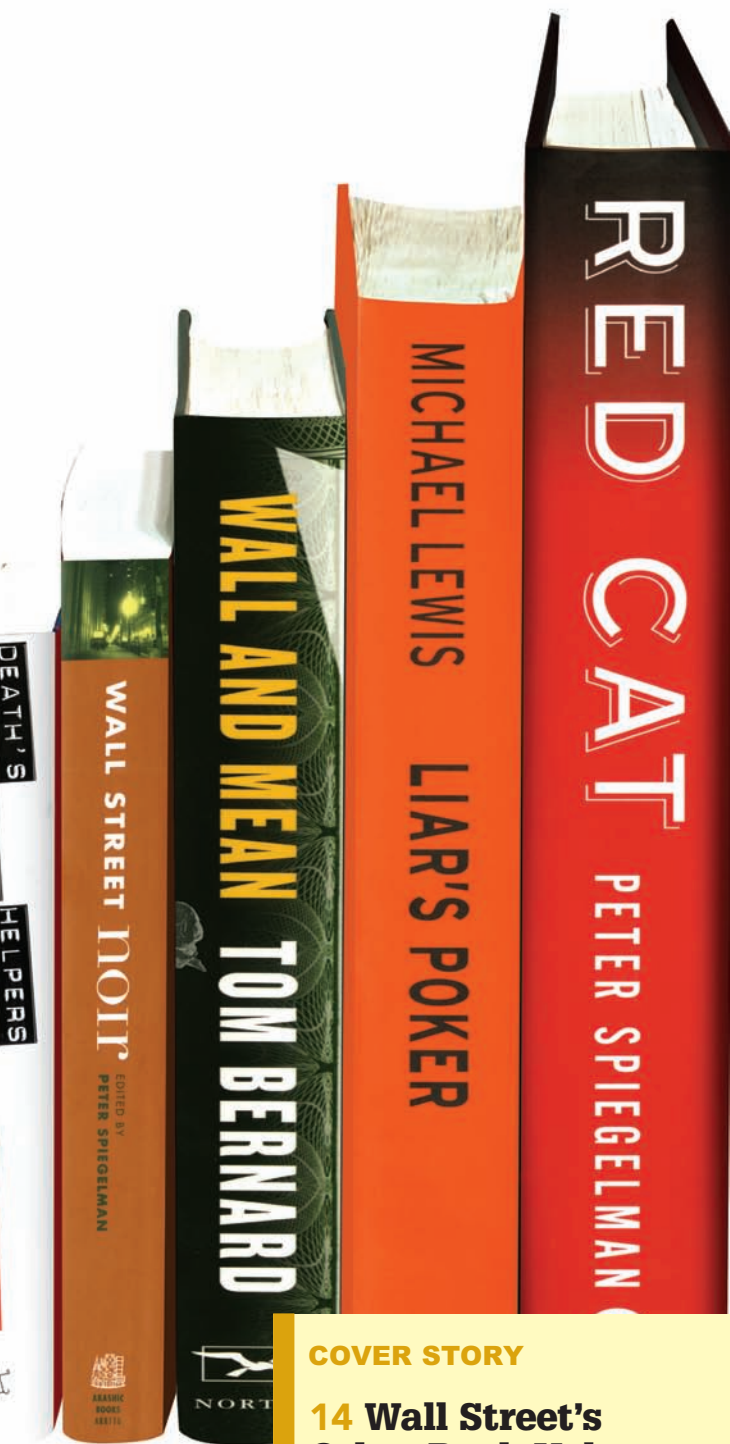
A novel idea: dealmakers  
cast aside Brooks Brothers  
jackets for book jackets

RBS Enters Commodities Fray

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Untapped Potential In Africa





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# What's His Handicap? Bad PR

**W**e recently learned that James Cayne enjoys his golf game. It seems the Bear Stearns CEO was flying back and forth from New York to Hollywood Golf Club in New Jersey everyday while at the same time a couple of his company's hedge funds were going through some turmoil. (You may have heard about them.)

Far be it for me to knock a hard-working guy for taking some time for himself - especially for golf - but there were a couple of thoughts going through my mind when I first heard about his untimely excursions. First and foremost, if you're serious enough about golf to be flying down to the Jersey shore from Manhattan everyday, shouldn't you be shooting better than 98? I'm lucky to get out twice a month and I can score better than that.

Come to think of it, we could be looking at this all backwards. While some folks may see his golf outings as an uncaring act at a time when investors in his hedge funds were not only taking a bath, but also not getting many answers, consider this: in the past several days, since the crisis blew over, he has fired an 86 and an 88 at Hollywood. It seems to me one can argue that he was so worried about the bleeding hedge funds that his scores ballooned a few weeks back at the height of the mess.

Secondly, it got me thinking of another big name from the Bear family, former CEO Ace Greenberg. Somehow, I don't think Greenberg, now chairman of the executive committee, would be entirely comfortable with the idea of almost a week's worth of golf at a time when his firm's reputation was getting shellacked. This is, after all, a man who once penned a note to his general partners back in the early '80s about how the firm was starting to stray from its fundamentals. The memo read, in part: "I have contacted Marlin Perkins of the St. Louis Zoo and the next person that I have trouble finding will be fitted out with a radio collar. Please impress our policy on the people who work with and under you. The collars are bulky and not very attractive."

Probably wouldn't help the short game, either.

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# Ex-Houlihan Lokey Bankers Set Up Shop

Small firm has plans for major growth in the next few years

BY JOSHUA HAMERMAN

The newly formed boutique **KippsDeSanto & Co.** only has four bankers, but its founders expect to increase that to 25 to 50 bankers over the next three to five years, one of the co-founders tells *IDD*.

**Robert Kipps**, a KippsDeSanto principal and former **Houlihan Lokey Howard & Zukin** managing director who established the firm with three Houlihan colleagues, says he is confident the boutique can grow via deal flow in government contracting and other industries, primarily defense, information technology and telecommunications. "The pipeline is strong and the marketplace is active in part because it's dictated by political and international events," he says. "The political changes over the past year in Washington, along with the wars in Iraq and Afghanistan and the

global war on terror, have heavily influenced where money goes and where M&A activity is." Over the past decade, demand from the US military for innovative technology related to defense and command-and-control operations has driven consolidation.

**KippsDeSanto's Kipps: 'The pipeline is strong and the marketplace is active.'**

KippsDeSanto has an advantage because of consolidation among competing middle-market investment banks, says Kipps, who was head of Houlihan's aerospace, defense and government group. **BB&T Capital Markets** bought **Windsor Group**, a Reston, Va.-based aerospace-and-defense boutique, in November 2004, and **Jefferies & Co.** purchased **Quarter-**

**deck Investment Partners** in December 2002. Japanese financial services group **ORIX** acquired a 70% controlling stake in Los Angeles-based Houlihan in early 2006 for an undisclosed price.

"The market is wide open because a lot of competition has been acquired, and there has been a lot of turnover in those firms since their acquisitions," says Kipps. "The focuses of the competitors themselves changed after they were taken over, with many of them moving up-market or into other areas." When asked if KippsDeSanto would attract takeover interest from larger banks, Kipps joked, "We've only been in business for two months."

Kipps says **ORIX's** acquisition of Houlihan has been successful, but, "We saw, as our old firm grew, the inability to do some things as flexibly and innov-

**KippsDeSanto** cont. on p.21

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# RBS Enters Commodities Fray

Did other banks blow it by letting RBS get Sempra?

BY DAN FREED

**T**he Royal Bank of Scotland's \$2.65 billion commodities-trading joint venture with **Sempra Energy**, announced July 9, is puzzling in that it occurred only after several other institutions passed on the business. Nearly every large investment bank is trying to develop a commodities trading platform, and Sempra, little known outside of commodities trading circles, may be the only one that has the grudging respect even of **Goldman Sachs** and **Morgan Stanley**, the widely acknowledged market leaders.

A spokesman for San Diego-based Sempra declined to say which other banks looked seriously at Sempra's commodities trading business, though Sempra executives said publicly they had discussions with several financial institutions about a possible partnership.

"It's hard to sell a people-based business and get paid for the value of the enterprise beyond just the book value of the assets," says one executive who has studied the deal. "It's a classic problem. This deal lets Sempra get paid for the enterprise value of the business. [Other banks] look at the [Sempra trading unit's] business performance and it's spectacular, and they say, 'Well, it's just a bunch of guys, I can go hire a bunch of guys,' and that's what they went and did. Various banks looked at this thing a few years ago and they went and hired their own guys, and (they're not good), and they could've bought this business but they didn't, so RBS buys into this JV structure."

The head of one developing commodities platform said his institution did not strike a deal with Sempra because its traders work for individual commissions, which discourages teamwork. The

Sempra spokesman says performance of the trading unit, which earned \$500 million last year, is proof that its compensation model works.

To create the joint venture, Sempra Energy, a publicly-traded owner of electric and gas utilities, contributed its trading unit, called Sempra Commodities. RBS allocated \$1.35 billion to the JV, while Sempra contributed \$1.3 billion of its outstanding shares. Both contributing companies will get a 15% return on the equity they are currently putting in. From the next \$500 million in earnings, Sempra will get \$350 million, with the remaining \$150 million going to RBS. After that point, profits will be split 70/30, with the larger portion going to RBS.

Because the joint venture will have a higher credit rating than Sempra Energy, it can trade with new companies that were precluded from trading with Sempra because its rating was too low. Sempra Commodities will also be able to expand its business relationships in Europe and Asia by drawing on RBS' more extensive network of contacts in those continents. Sempra has 850 commodities traders between the three continents.

While the new venture, called RBS Sempra Commodities, will have a shot at grabbing market share from Goldman and Morgan Stanley in commodities trading, RBS may still have to hire additional sales executives capable of selling its newly acquired trading and hedging capabilities to potential clients, which include banks and utilities, according to the executive quoted earlier who has studied the deal. An RBS spokesperson said the company is happy to invest wherever it sees the potential for growth, "but as we've not even completed this transaction it's too ear-

ly to discuss any possible hiring."

Though Morgan Stanley and Goldman do not give specifics on commodities trading revenues, lumping it in with fixed income and currencies, one analyst estimates that commodities trading accounts for roughly 11% to 16% of fiscal year 2006 revenues. An executive who has interviewed managing directors from both firms reckons the contribution is closer to 5% to 10%. At 10% of revenues, commodities would have accounted for \$2.16 billion at Morgan Stanley and \$1.42 billion at Goldman last year. By contrast, revenues at Sempra Commodities were \$3.2 billion.

Though these numbers make Sempra look like the bigger business, they do not truly reflect the importance of commodities trading to Goldman and Morgan Stanley, according to a high-level executive at one of those firms. Perhaps a better indicator is the fact that **Lloyd Blankfein**, CEO of **Goldman Sachs**, and **Neal Shear**, Morgan Stanley's highest-paid executive after CEO **John Mack**, came up through those firms' commodities divisions. Both started their careers at commodities dealer J. Aron, which Goldman acquired in 1981.

The heads of Sempra's platform are among the few, if not the only ones, who have been around that long, according to one commodities trading managing director. Sempra's team got its start at the now defunct **Drexel Burnham** before being acquired by **AIG** and then becoming Sempra. While other energy traders such as **Dynegy**, **Calpine** and **Enron** fell into financial crises, Sempra maintained a healthy balance sheet and managed to handle its trading risks.

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# Untapped Potential in Africa

Banking reform and a bounty of natural resources have investors paying attention

BY JOSHUA HAMERMAN

The investment sun is rising over Africa as more foreign investors wake up to the continent's profitable opportunities, many of them in the form of natural resources buried underground.

**International Finance Corp.** (IFC), the **World Bank's** private sector arm, saw record investment volume in Africa for the fiscal year ended June 30 – \$1.37 billion, compared with \$445 million two years ago. A Johannesburg, South Africa-based spokesman for the IFC attributes the increase to vast economic reforms across the continent. In the past year, he says, two-thirds of African countries made at least one reform, and the IFC saw 45 improvements in 30 countries, which “reduced the time, cost and hassle for businesses to comply with legal and administrative requirements.”

The 2007 edition of *Doing Business*, an annual World Bank publication, ranks Africa third on its list of regions with the most economic reforms, following Eastern Europe and member states of the Organization for Economic Cooperation and Development. *Doing Business* also included two African countries, Ghana and Tanzania, on its list of the top 10 countries that have made the most reforms to ease business activity (Ghana placed ninth and Tanzania was 10th). The spokesman says countries emerging from civil wars, such as Sierra Leone, Liberia and the Democratic Republic of the Congo, are also improving their business environments.

“Africa is becoming a more attractive target for all types of investors, including strategic and institutional in-

vestors, who see the reforms that are being implemented in the region and recognize the continent's potential for economic growth,” the spokesman says. “The countries that will benefit the most from this increased interest are those that are politically stable and continue to implement economic reforms and improve the business climate.”

Africa is on investors' radar screens in part because it provides important resources that have helped fuel economic growth in Asian markets, such as China and India, says **Thomas Gibian**, CEO of **Emerging Capital Partners** (ECP), a US private equity firm focused solely on African investments. African countries are vital sources of such commodities as natural rubber, precious and base metals and agricultural products. “Africa is a low-cost leader in many businesses, but not a lot of people look at Africa in terms of investment,” Gibian says. “This is starting to change because when there's a lot of demand for something in China, and it all comes from Africa, that translates.”

**Albert May**, a **Citigroup** managing director and head of global banking for Africa, Israel, Turkey, Russia and the Commonwealth of Independent States, says Chinese and Indian investments in Africa are increasing because both countries are “in dire need to get more access to natural resources.” May says the same rationale applies to European investors, who have shown greater interest in North Africa, particularly Algeria, one of the largest producers of

natural gas. Investors in France, Spain and Italy are eager to do business with the Algerian government-owned gas company, **Sonatrach**, so they can decrease Western Europe's dependence on Russia's **Gazprom**, according to May.

## The spread of reforms

Banking reforms in Nigeria, the largest African country by population, have significantly improved the quality of its capital markets over the past two years, says Gibian, who spoke with *IDD* from the Nigerian capital, Abuja. “There is sensible, affordable bank lending that goes on here, with basically international-type visibility and transparency,”



**Emerging Capital Partners' Gibian: 'We see Africa reaching a tipping point.'**

he says. “Nigeria's stock market has done very well, and the country has an entrepreneurial class that is expanding and developing interesting companies.”

**Hurley Doddy**, COO of ECP, says Nigerian assets have been a profitable addition to the firm's portfolio, and the country is considered to have the most advanced stock exchange and capital markets in the central and western parts of the continent. Morocco and Egypt hold those distinctions in the north, he says, while Kenya and South Africa have

the strongest markets in the east and south, respectively.

Washington, DC-based ECP was spun out of **EMP Global** in 2005 and has African offices in Tunisia, Morocco, Côte d'Ivoire, Cameroon and South Africa. When the firm closed its \$523 million EMP Africa Fund II PCC on May 24, it became the first private equity player to raise more than \$1 billion for African company investments.

Doddy says the Nigerian banking reforms have led to similar developments in other countries, such as Senegal, which recently amended its mining laws to be more amenable to foreign business operations. "We see Africa reaching a tipping point because it has had 5% to 6% year-over-year growth over the past several years," says Gibian. "The message has gotten out, especially over the last year, that if you're going to lift people out of poverty, you need foreign investment, and to compete for it you have to invite people in. You have to lower tax rates, make tariff rates more rational, and so on."

Another reason for economic growth on the continent, says Gibian, has been the proliferation of telecom services, especially mobile telephony. "You can feel the difference when a business community goes from having an unreliable six-line type of infrastructure to every executive having a pocket phone," he says.

May says many international telecom players have observed that gross domestic product is growing in many African nations and have therefore increased their presence on the continent over the past three or four years. "They realize that the GDPs of these countries are going up, fast, while the telecommunications infrastructures are poor," he says. The same trend applies to international consumer firms, adds May.

### South outranks north

**Moody's** assigns Sub-Saharan countries higher credit ratings than those in North Africa, although the agency covers more nations in the latter region. Moody's

covers only two Sub-Saharan nations, Botswana and South Africa, as well as Mauritius, an island nation east of Madagascar in the Indian Ocean. Botswana has an A1 rating for local currency and an A2 for foreign currency, while South Africa has an A2 for local currency and a Baa1 for foreign currency.

"The governments of both countries provide safe investment opportunities," says **Kristin Lindow**, a vice president and senior credit officer in the Moody's sovereign risk unit. "When a country is at investment grade, you can expect that your principal and interest are relatively well-secured. They're not Aaa, meaning you could almost put investments aside and forget about them, but they're very healthy and credit-worthy governments." Botswana has a higher rating than South Africa, says Lindow, primarily because it has no debt. Moody's covers so few African countries because many governments on the continent



**Emerging Capital Partners' Doddy: 'Africa has a lot of human and natural resources.'**

have not issued bonds in international capital markets.

In North Africa, Moody's covers only Morocco, Tunisia and Egypt. Tunisia has an investment-grade rating, but it is not as high as Botswana or South Africa, says Lindow, while Egypt and Morocco are rated below investment grade because they have high external debt. Nevertheless, Lindow says the Moody's ratings apply only to bonds issued by the countries and do not necessarily reflect the overall investment atmosphere.

Even if a country has a lower rating, the fact that it agrees to the process of receiving one is itself noteworthy, says Gibian. "In general, the level of scrutiny and commensurate amount of transparency needed to get an accurate rating suggests

something positive," he says.

### Much left to be done

"Africa still has the most complex business regulations in the world, and there remains much to be done," says the IFC spokesman based in Johannesburg. For example, he says, if any one African country adopted all 10 area practice recommendations listed in *Doing Business*, its economy would be ranked only 11th globally. "African countries would greatly benefit from new enterprise and jobs, which can come with a more business-friendly environment," he says.

The spokesman says the IFC has a three-pronged strategy for Sub-Saharan Africa – improving the investment climate, increasing support for SMEs (small and midsize enterprises) and creating project development strategies for IFC's investments. He adds: "We expect our investments in Sub-Saharan Africa to be centered primarily on financial markets, oil, gas, mining and infrastructure, including information and communications technology." The organization also intends to step up its activities in African nations affected by wars.

As for direct investments from the US in Africa, May says they are limited mostly to countries like Nigeria, with large oil and gas reserves and receive aid from the World Bank and **International Monetary Fund**.

Some countries on the continent, especially Somalia and Zimbabwe, are not ripe for outside investment due to political turmoil and high inflation, but Doddy says this can change. "All African countries have a lot of human and natural resources," he says.

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# SPAC Invaders

While Blackstone stole the headlines, hedge fund GLG Partners used a backdoor method to achieve a public listing

BY KEN MACFADYEN

In case it escaped notice, a manager of \$20 billion in alternative investment assets went public in June. Nope, not the **Blackstone Group** (nobody missed that). **GLG Partners**, a European multistrategy hedge fund manager, took a more circuitous route to achieve a public listing, selling itself to public shell **Freedom Acquisition Holdings** through a reverse-merger transaction that assigns a \$3.4 billion valuation on the business. The sale marks an obvious victory for GLG, but perhaps more notable is the credibility the deal brings to the market for special purpose acquisition (SPAC) and blank-check companies.

"It's a sign of things to come," says **Paul Broude**, a partner in law firm **Fo-**

**ley & Lardner's** transactional and securities practice. "These reverse mergers have gotten larger, and we've seen a number of bulge-bracket investment banks move into the market, which alone is a sign that this field is gaining more respect. The GLG deal should only add momentum."

A SPAC or blank-check company is a publicly held shell floated with the sole purpose of merging with a private business to bring it public. The business model has been around for years, although it wasn't until the fall of 2005 that it re-emerged as a bona fide trend, as such notable names as **Jonathan Ledecy**, **Steve Wozniak** and **Richard Clarke** were among those to launch SPACs. Meanwhile, companies such as **Jamba Juice**, **American Apparel** and **Jazz Semiconductor** have all used re-

verse mergers during the past two years to go public.

However, the GLG sale to Freedom Acquisition stands out for a number of reasons, not the least of which is its size. Freedom raised \$528 million in its IPO this past January, and to pull together enough money for the \$3.4 billion transaction, by far the largest reverse merger in years, the company offered additional securities to investors. The other distinction of the Freedom deal was that **Citigroup** led the underwriting, demonstrating that the bulge brackets have indeed taken notice.

GLG's decision to pursue this route for a public listing is curious, however, considering the buzz and success of recent flotations involving alternative investment managers. **Oaktree Capital Management**, for example, floated a 15% stake on **Goldman Sachs'** new Tradeable Unregistered Equity Securities platform, or GStrUE, raising \$880 million in an offering that made the firm worth \$5.9 billion. **Fortress Investment Group**, meanwhile, sparked the trend of alternative asset managers going public in February with its \$633 million IPO on the **New York Stock Exchange**. And Blackstone last month sparked a publicity firestorm when it floated its management company as a master limited partnership, also on the NYSE. The IPO, which corralled roughly \$4.1 billion, valued Blackstone at around \$33.5 billion, and soon after the offering came reports that **Kohlberg Kravis Roberts** had also filed an S1 with the Securities and Exchange Commission to go public.

But GLG apparently wasn't interested in headlines, even though the firm is a relative stranger to US investors. According to GLG head **Noam Gottesman**, the primary driver in seeking a reverse merger was to obtain "currency to grow,"

## Deal Details

The acquisition of GLG by Freedom will be a cash-and-stock deal, with \$1 billion coming from cash on Freedom's balance sheet and up to \$570 million taking the form of debt. GLG will also receive 230 million shares (valued at \$2.4 billion), 10 million of which the firm will allocate to current employees and indirect limited partners. GLG will maintain an ownership position in the public company, with a 72% stake, while Freedom's shareholders will have a 28% holding, fully diluted.

The GLG equity holders, meanwhile, made a commitment to reinvest around 50% of their after-tax cash proceeds back into the GLG funds, at full fees.

Freedom currently trades on the American Stock Exchange, but once the deal closes, the new company anticipates listing on the New York Stock Exchange under ticker symbol "GLG." GLG will also explore a possible dual listing in Europe once the deal is finalized.

Also, it's worth noting that the newly public company would not be affected by proposed tax legislation that aims to impose a higher tax treatment on carried interest. The company is structured as a corporation, as opposed to a partnership, and it does not receive carried interest based on its performance.

and the sale to Freedom provided the most efficient and fastest way to obtain funding. While Gottesman concedes that “brand awareness is of critical importance” for GLG to build its name in the US, he notes that a highly publicized roadshow wouldn’t necessarily translate into a long-term investor base.

“The company will perform however it performs, and none of it has to do with whether or not we went public through a SPAC,” he says. “The shares will do what they should do based on our performance. The benefit for us was that we could structure and shape the deal the way we wanted to, and we didn’t have to go through the distractions typically involved with a traditional IPO.”

Another advantage, which might be left unsaid by GLG principals, was that it allowed the firm to sidestep scrutiny that a traditional public offering would normally invite. Two days following the deal with Freedom, the SEC announced a settlement with GLG regarding illegal short selling in connection with 14 public offerings. According to the SEC, GLG allegedly made more than \$2.2 million in illegal profits over a two-year period. In the settlement, GLG agreed to a cease-

and-desist order and a payment of more than \$3.2 million in penalties, disgorgement and prejudgment interest.

Foley & Lardner’s Broude would not comment on the SEC settlement, but he points out that reverse mergers keep companies away from the “vagaries” of courting a retail shareholder base, as SPACs tend to be backed by a “defined base of investors.”

### Importing profits

GLG is not yet a household name in the US, but the firm does have a long and successful track record. The hedge fund was founded in 1995 by Gottesman, **Pierre Lagrange** and **Jonathan Green**, all Goldman Sachs veterans, who went to Lehman Brothers to launch the firm as a division within the US bank. In 2000, the group split from Lehman, although the firm remains a minority investor in GLG today. Since the split, the headcount at GLG has grown from 55 employees to roughly 300. The management team is headed by Gottesman, who is chairman and co-CEO, **Emmanuel Roman**, the other co-CEO, and **Simon White**, who is chief financial officer.

What has potential investors interested, however, is GLG’s performance. The firm has achieved a compound annual growth rate of 36% in its assets under management since 2001, a number that climbs to 45% when calculated since 2005.

Gottesman anticipates that following the sale to Freedom, “more in [the hedge fund] industry will look at a reverse merger as an option [to obtain a public listing].” Broude, however, notes that at the moment, no other public shell exists that could accommodate a deal of the same scale. “They’d have to wait until there’s a larger SPAC available,” he says.

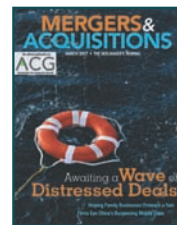
That wait, though, may not be long. Just days following the GLG deal came news that **Dan Quayle**, **Lou Holtz** and **Richard Heckmann**, who is CEO of sporting goods company **K2**, intend to raise up to \$500 million through a SPAC offering, just slightly less than the \$528 million Freedom raised. An interesting connection between the Quayle SPAC and the Freedom vehicle is that Freedom’s launch was spearheaded by **Jarden Corp.** Jarden and its CEO, **Martin Franklin**, recently acquired Heckmann’s K2.

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# Goldsmith Sells Out, Who's Next?

## Firm seen helping Lazard's new financial advisory division

The middle market is red hot and everyone wants to get a piece of the action. Over the past couple of years a number of middle market boutique investment banks have sold out to larger Wall Street players. **Goldsmith Agio Helms'** sale to **Lazard** is just the latest in a string of what have become commonplace deals today.

Hoping to cash in on hundreds of smaller companies, Lazard will acquire Goldsmith Agio Helms for an undisclosed amount of cash and stock within the next 30 days. Lazard expects Goldsmith to serve as the foundation for its new financial advisory division, which will provide services to mid-sized private companies as well as additional access to middle market acquisition opportunities. The deal came together over years of the firms' bankers having relationships.

"For Lazard, this is a real strategic push in to the middle market, which we think is very large and is not significantly penetrated by anyone," says **Barry Ridings**, managing director and vice chairman of US investment banking at Lazard. "If you look at the stats, there are well over 1,000 deals a year that are reported in the \$50 million to \$500 million range and then there is the same number of deals that go unreported. Goldsmith's business is complementary and we really see this as a beautiful fit for our expansion."

Since its inception more than 20 years ago, Goldsmith has worked with almost every middle market private equity firm under the sun and completed more than 600 assignments for companies like Land O' Lakes and Hormel Foods. Goldsmith specializes in deals in the \$25 million to \$500 million range.

Under Lazard, Goldsmith Agio will be led by current Goldsmith co-CEOs **Michael McFadden** and **David Solomon**, and Chairman **Jack Helms**. Lazard's middle market business will be staffed by approximately 90 professionals from Goldsmith offices in Minneapolis, Chicago, Los Angeles,

New York and Shanghai. Additionally, the Goldsmith name is expected to remain intact.

This is Lazard's first strategic acquisition since it went public two years ago. Lazard has assets under management of about \$125 billion and operates from 29 cities across 16 countries in North America, Europe, Asia, Australia and South America.

Helms is downright giddy about the reach Lazard gives Goldsmith, and while earlier this year he stepped down from his role as CEO, he says now the firm is never going to be able to drag him out the door.

"I have been here over 20 years and it's been fun building Goldsmith, but now with these new capabilities there is no way they are going to get me out of here. This is not an exit, no one is leaving Goldsmith, it's a strategic deal," says Helms. "We had been thinking about whether we should do something like this for a while. The middle market is growing and many of our competitors have already hooked up with commercial banks."

Indeed, just recently **Edgeview Partners** sold out to **CIT**, while **Barrington Associates**, the Los Angeles advisory boutique, sold to **Wells Fargo & Co.** last year. And in 2006, **Houlihan Lokey Howard & Zukin** sold to Tokyo-based **Orix Corp.**, while Richmond, Va.-based **Harris Williams & Co.** was bought by Pittsburgh's **PNC Financial Services Group**.

The private equity industry seems unphased by the sale. "Another middle market i-bank is sold," says **Mark Jones**, a partner at **River Associates**. "Maybe we can have a contest where everyone bets who's next. It will be interesting in a few years to look back and see which i-bank will sell closest to the market peak. I would have thought the successive sales of Harris Williams, Houlihan Lokey Howard & Zukin and Barrington Associates meant we were at the top."

## Lehman acquires CLO manager

**Lehman Brothers** says it is acquiring **LightPoint Capital Management**, a collateralized loan obligation manager with about \$3.2 billion in assets under management. The business will be part of Lehman Brothers Asset Management, which runs fixed income and money market assets of approximately \$114 billion.

Terms of the transaction were not disclosed.

Founded in 2002, Chicago-based LightPoint manages a series of collateralized loan obligations. LightPoint CEO **Thomas A. Kramer** joins Lehman Brothers Asset Management as a managing director. Kramer will co-head, with **Ann Benjamin**, Lehman's Leveraged Asset Management. As head of the

Lehman Brothers Asset Management high yield team since 1997, Benjamin has helped grow the business to approximately \$6 billion in assets under management. Benjamin and Kramer will report to **Brad Tank**, managing director and global head of fixed income asset management.

Kramer has more than two decades of investment industry experience and was managing director and head of North American leveraged finance for **ABN Amro** before leaving to start LightPoint.

LightPoint includes 20 investment professionals in Chicago and London who will also join Lehman Brothers Asset Management, including lead loan portfolio manager **Tim Van Kirk**.

# Hmmm, Rating Agencies Sense Trouble...

Yet another warning bell over problems with mortgage debt was sounded by rating agencies **Fitch Ratings**, **Moody's** and **Standard & Poor's** last week.

Moody's downgraded 399 securities and put 32 on review for a possible downgrade, while S&P put 612 classes of subprime securities on watch for possible downgrade. S&P says the affected classes total \$12 billion in securities - 2.13% of the \$565 billion of the residential mortgage backed debt rated by S&P between the fourth quarter of 2005 and the fourth quarter of 2006.

S&P warned last week that it does not "foresee the poor performance abating. Loss rates, which are being fueled by shifting patterns in loss behavior and further evidence of lower underwriting standards and misrepresentations in the mortgage market, remain in excess of historical precedents" and the agency's initial assumptions.

According to S&P, new data suggest delinquencies and foreclosures continue to accumulate at an increasing rate for the 2006 vintage debt. Not only are there late payments, debt from 2006 has early payment defaults. "On a macroeconomic level, we expect that the US housing market, especially the subprime sector, will continue to decline before it improves, and home prices will continue to come under stress," writes S&P, which adds that "weakness in property markets continues to exacerbate losses with little prospect for improvement in the near term."

Market observers at **Merrill Lynch & Co.**, meanwhile, warned in a July 10 report that "the unwinding of the excessive lending associated with the housing bubble is likely to be a problem for a long time, and home prices could be under secular pressure."

Fitch, meanwhile, announced it has 170 subprime deals "under analysis" suggesting the agency will announce a rating action in coming weeks. Fitch says the total amount of bonds rated in the BBB category and below, which are the ones most likely to face rating actions, is \$7.1 billion - about 1.7% of Fitch's rated subprime portfolio.

In recent years, the growth of subprime debt has helped spur the creation of collateralized debt obligations. These CDOs are securities which repackage lower rated debt and typically included pieces of subprime bonds. Fitch says that it has placed 33 classes from 19 structured finance CDOs on watch for a possible downgrade as a result of deterioration of collateral — the subprime debt resold into these CDOs has been downgraded or placed on rating watch by S&P, Moody's and Fitch. S&P last week announced that it is conducting its own review of CDOs with collateral that includes subprime debt.

## More news

- As part of its strategy to expand its European market share, **Jefferies & Co.** will open its first German office. The New York-based firm announced plans for a Frankfurt branch on July 9. Managing directors **Richard Markus** and **Warren Scott** will share responsibility for the Frankfurt office. Jefferies expects the German branch to house about 25 employees. Jefferies recently acquired London-based corporate advisory firm **LongAcre Partners** as well as **Putnam Lovell's** investment-banking business, which has a London footprint.

- **Amaranth Advisors** and **JPMorgan Chase & Co.**, its prime broker, were hit with a lawsuit from a natural gas trader who argues that he lost money due to market manipulation by Amaranth. The lawsuit is seeking class action status. Amaranth, the hedge fund that lost \$6 billion last year on natural gas bets, was the subject of a US Senate report that calls for stricter regulations in futures markets. The report showed that before it collapsed Amaranth at one point accounted for 40% of all natural open bets on gas contracts at the **New York Mercantile Exchange**.

- A Federal Trade Commission lawsuit to prevent **Whole Foods Market** from buying rival **Wild Oats Markets** contained a tasty news morsel - Whole Foods Chairman and CEO **John Mackey** anonymously bashed his company's competitor on Internet financial forums before Whole Foods made a buyout offer. The postings, made under the screen name "rahodeb," questioned why anybody would want to buy Wild Oats' stock and speculated the company would be sold after filing for bankruptcy. Whole Foods admitted, "Mr. Mackey made those postings from 1999 to 2006 under an alias to avoid having his comments associated with the company and to avoid others placing too much emphasis on his remarks."

# The Middle Market Finds China

Midmarket dealmakers have debunked the misconception that there's a size requirement for entry into China

BY DANIELLE FUGAZY

When China first appeared on the radar of the M&A establishment, the thinking had been that the market could be accessed only by the banks and private equity firms in the large market. Smaller groups just didn't have the infrastructure in place or couldn't afford to take the risk of launching offices in the developing region. Now, though, operators and investors in the small and midmarkets can't afford not to take that risk.

In fact, interest in China has become so widespread that **The Association for Corporate Growth** (ACG) even held its first China International Private Equity Forum in June. One hundred and thirty private equity firms occupied tables at China's first Capital Connection and more than 1,000 Chinese business owners attended.

Initially, China represented a source of cheap labor, a fact that manufacturing people know all too well. A corollary is that the number of factories in China — established by the portfolio companies of US-based private equity firms — has continued to grow substantially. Today, however, LBO groups view China as much more than a destination for simple manufacturing tasks. And many firms are now trying to acquire companies there.

"People are finally realizing there is more to China than cost savings," says **Ian Morton**, a partner with **Crimson Investments**, a private equity shop with offices in California, Shanghai and Taipei. Morton adds that the interest is two-sided, as China-based outfits are now "looking for foreign investment."

By some counts, China has at least 300,000 small state-owned enterprises and millions of privately owned middle-market companies. Adding to the country's need for foreign investment is China's lack of suitable exits for business owners, as Chinese stock markets can handle only 50 to 70 IPOs a year and currently list only about 1,500 companies.

"There's so little private capital available, no industry exists like it does here," says **Patrick Hurley**, a managing director with **MidMarket Capital Advisors**. "About 90% of the capital available for investment by Chinese banks goes to funding government enterprises. Chinese companies have a desperate hunger for capital."

China does boast about 100 private equity providers, but the stateside consensus is that capital markets expertise falls short of what most US private equity groups can provide.

In addition, contrary to what many believe, China is letting more US firms enter the market, if for no other reason than to learn best practices from established investors.

"Politicians in China are measured on whether they can bring high, value-added capabilities to their regions," says Morton. "China is moving from an agrarian economy to an industrial economy, but you don't make that leap overnight. You need to train the population along the way."

When ACG decided it was interested in holding a Capital Connection in China, the organization reached out to another group like itself. Ultimately, the government of Tianjin got wind of the planning and expressed a desire to be-

come involved. The government put 70 staffers to work for seven months on the event and footed the bill for everything.

"They wanted the expertise and understanding of how things operate in sophisticated markets like the US," Hurley notes. "They said, 'Bring your technology and we will watch very carefully so we understand how it works.'"

Although the rush to enter China is clearly on, doing deals in the region does not come without obstacles. For one, while private equity firms may be able to find proprietary deals in the region, navigating through the Chinese system without an intermediary is extremely difficult.

"They have no intermediaries, law firms or accountants doing what we do here," says Hurley. "At the conference, we had 900 people listening to one panel. They were soaking up comments about how private equity firms perform due diligence, what fiduciary responsibility is and what private equity firms are concerned about. They really don't know any of this, and it makes it hard for private equity firms to run in and get a deal."

**Andrew Rice**, a senior vice president with **Jordan Industries**, which has been investing in China since 1995, says most of the deals he sees don't actually come to fruition. "Our typical deals take two years to close. As we go through the various approval processes and due diligence, we really get comfortable with very few of the deals," he says.

Moreover, exits can be just as difficult to execute. Despite the hurdles, though, all pros agree that private equity will continue to expand in China. In fact, when asked where the next China will be, most pros reply, 'Inland China.'

# WALL STREET'S OTHER BOOK VALUE

As a junior analyst at **JPMorgan**, **Dana Vachon** found his job so dull he'd sneak out to Starbucks to write fiction, while **David Bledin**'s debut novel was born of a rant about the long hours on Wall Street sent as an e-mail to friends.

During the eight years **Peter Spiegelman** spent on JPMorgan's trading floors designing trading software, he'd occasionally write a snippet of poetry, and **Michael Lewis** was so eager to put pen to paper while working at **Salomon Brothers** that he used his mother's maiden name as a pseudonym. **Tom Bernard**, who traded high-yield debt at Salomon Brothers and **Lehman Brothers**, idolized Ernest Hemingway as a teen and hoped to someday be a writer.

Today, you will find books by all of these Wall Street

**A novel idea:  
dealmakers  
cast aside Brooks  
Brothers jackets  
for book jackets**

**By Aleksandrs Rozens**



Photo Illustration By Tom Montini

dealmakers on book shelves. Some remained in their roles as bankers, while others adopted a new career. Call it Wall Street's own Nouvelle Vague, professionals putting aside pitch books and stepping away from their Bloomberg terminals to write fiction, eager to exercise their creativity, share their experiences or just plain vent about the pressures of their work environment on Wall Street.

"People on Wall Street are not happy with their jobs," says Lewis. "They are doing it for the money. An awful lot of people are not happy. It is a perfect climate for lots and lots

of stuff to get written."

For **Johnny Temple**, head of New York-based publisher **Akashic Books**, which has just published a collection of short fiction by several writers that include a former commodities trader and a Wall Street tax lawyer, "Wall Street Noir," the growing pool of writers from the banking world is not a surprise. "People who work on Wall Street tend to be very smart and very well-educated," says Temple, adding that "not all writers come from an affluent background, but in a society that does not always value literature, writing can be mistaken as a luxury."

Finance and banking, particularly on Wall Street, have long served as a fount for storytellers. **Alexandre Dumas** wrote about tulip mania and **Tom Wolfe** tackled Wall Street in "Bonfire of the Vanities." The son of a Civil War veteran, **Frederick Adams** wrote "The Kidnapped Millionaires: A Tale of Wall Street and the Tropics" in 1901. In the 1990s, a former JPMorgan M&A banker and private equity financier, **Stephen Frey**, began writing a series of banking thrillers that may be Wall Street's answer to the legal thrillers of **John Grisham**.

The latest round of fiction from Wall Street professionals has hit bookstores in recent months and offers a view of trading floor antics and the harried lives of investment bankers. Not all are thrillers, and some, like Vachon's "Mergers & Acquisitions" (Riverhead Books),

## The Sometimes Humorous (and Bleak) Wall Street

### BONUS DAY:

"Come Thursday, as we're shepherded into the Toad's office to receive our manila envelopes, we will all be weighing our options carefully, a toss-up between following one or another stepping-stones on a banker's generic quest to undermine income equality ... defection to another Bank with higher pay; a perhaps risky move to a hedge fund ... or, if you're especially lucky, if you have great contacts and know how to work them, the holy grail of the trade, the shuddering multiple orgasm for every B-school graduate, Private Equity."

("Bank," by David Bledin)

### WHY GET INTO IT?

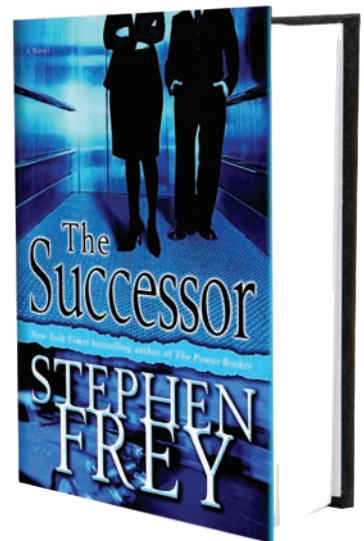
"I'm not entirely sure why I'm doing this either. I'm pretty certain it's not the money, though the money is fantastic. Probably it's my fear of the abyss. You've ventured down this structured path since birth-grade school, then high school, then college, then recruiting-an you see the path's extension looming on the horizon: work at the bank for two or three years, take a break to get an MBA, return to climb your way up to the stratosphere of the industry, and retire by age forty-five with a home and a summer house and two Labrador retrievers."

("Bank," by David Bledin)

### STOCKHOLM SYNDROME

"By the time you're nearing the end of your second career in the banking world, your compensation has been juiced up to one hundred and forty thousand all in ... you're also getting accustomed to the mind-numbing tedium of your position. You can crunch comps in your sleep, tame the two-hundred-sheet Excel behemoths, whip out perfectly formatted PowerPoint pie charts like nobody's business ... let's not ignore the psychological aspect to it, the advent of the Stockholm syndrome. The term originates from a bunch of Swedish hostages locked up in a bank vault for six days ... the hostages grew sympathetic toward their captors, resisted rescue attempts, and later refused to testify at their trial."

("Bank," David Bledin)



offer humorous looks not just at investment banking but at New York's high society and its social climbers. Madcap, but with a tender side, "Mergers & Acquisitions" traces the early career of a fumbling junior banker, Thomas Quinn, and his attempts to juggle a social life in private clubs and the complexities of a merger deal. Vachon's humorous debut novel recalls Evelyn Waugh's "Scoop" and Chris Buckley's "Thank You For Smoking."

Vachon says his novel is more about changes in one of America's greatest institutions, Wall Street, which he believes may be losing some of its influence in the global economy. "It is sad that London is usurping New York as the financial capital," he says.

Vachon, who helped answer phones at his father's brokerage as a teen, always had a fascination for Wall Street's culture – personalities like the bond traders and their wives who socialized with his father. But Vachon says Wall Street lost some of its romance for him. "I was very bad at what they had me doing," Vachon admits of his days at JPMorgan.

## Crunching Comps

If Vachon's "Mergers & Acquisitions" is a glance at the genteel aspects of investment banking, Bledin's "The Bank" is an unsparring look at the long hours spent by junior employees assembling data for M&A deals fueled by overpriced Starbucks coffee and take-out Chinese food.

"You can crunch comps in your sleep, tame the two-hundred-sheet Excel behemoths, whip out perfectly formatted PowerPoint pie charts like nobody's business," Bledin writes of the junior bank employees. His hero, Mumbles, wonders what all the efforts are for, likening the attraction to Wall Street and its salaries to the Stockholm Syndrome: "Let's not ignore the psychological aspect to it, the advent of the Stockholm syndrome. The term originates from a bunch of Swedish hostages locked up in a bank vault for six days...the hostages grew sympathetic toward their captors, resisted rescue attempts, and later refused to testify at their trial."

For Bledin, Wall Street – where he analyzed company earnings, price-to-earnings ratios and leverage on balance sheets – was a culture shock, not simply because as a 22-year-old he arrived in New York from Toronto, but he had just returned



Dana Vachon, author of "Mergers & Acquisitions"

Photograph By Nina Sublin

from a tour of India.

"I didn't go on a spiritual quest. But to go from touring the slums of a city in India to being on the Street was quite a juxtaposition," says Bledin, adding that he found "there was lots of grunt work with not much thought" involved in his job on Wall Street.

"The Bank," meanwhile, had an unusual birth. The Canadian banker wrote an e-mail to friends – subject header: "A Day in the Life of an Investment Banker" – that began circulating on the Internet and became the subject of a feature story in a Canadian newspaper, the *National Post*, about life on Wall Street. That story caught the eye of a book agent who invited Bledin to expand the e-mail into a novel. In an afterword in his novel, published by Bay Back Books, Bledin displays a certain joy in the publication of his memoir: "Knowing that your late-night typing is going to piss off a hell of a lot of people, people who you want to be pissed off. Forget

Confucius: Vengeance is a wonderful thing." (Bledin would not reveal the investment bank where he worked and which serves as the setting of his novel.)

Bledin, who speaks in a vaguely South African accent and mumbles like the protagonist of his novel, has not given up on a career in business, but he won't be back on Wall Street. He's planning on studying at the Yale School of Management this year and is considering writing a mystery.

"It is hard to put all your eggs in a writing basket," says Bledin, adding: "[The book] really has to do very well before I commit to writing full time. You're just not well compensated. I am a risk averse-person." That aversion to risk makes Bledin sound a bit like the protagonist of his novel: "I'm pretty certain it's not the money, though the money is fantastic. Probably it's my fear of the abyss. You've ventured down this structured path since birth – grade school, then high school, then college, then recruiting – and you see the path's extension looming on the horizon: work at the bank for two or three years, take a break to get an MBA, return to climb your way up to the stratosphere of the industry, and retire by age 45...."

Lewis, meanwhile, needs little introduction for most Wall Streeters because his seminal "Liar's Poker," a best-selling account of Salomon Brothers' mortgage bond desk, is now required reading in business schools. He has since written a series of nonfiction books, including tomes about Silicon Valley, the 1996 Presidential campaign and the financial aspects of running a professional baseball team.

When Lewis was offered a job on Wall Street, he did not really have much in the way of plans for a career in finance. "I came through the back door. I didn't think seriously that I would get hired," he says. His early work was

nonfiction, some of it published by *The Economist*. “I loved doing it. I didn’t know anybody who did it,” he says.

That second career would have gone unnoticed by Salomon management were it not for an editorial about how investment bankers are overpaid. The op-ed piece had published Lewis’ name and his firm’s name. It created a stir among Salomon’s senior management but did not stop Lewis from continuing to write. He chose a pen name — his mother’s maiden name, Diana Bleeker. “I had a side career that began to flourish,” he recalls. Lewis’ work would eventually catch the eye of a publisher, leading to a book contract and eventually to the publication of “Liar’s Poker.”

Some Wall Streeters who put pen to paper also find that their work is celebrated by seasoned professionals within book publishing. Such is the case of Spiegelman’s first novel, “Black Maps,” which won a Shamus Award and was inspired by the Bank of Credit and Commerce International. Winners of the Shamus Award, which is given out by the Private Eye Writers of America, include such authors as Ross Macdonald, Robert Parker and Sue Grafton, putting Spiegelman in pretty heady company.

The mystery and the noir thriller suits Wall Street well, says Akashic’s Temple. “It comes back to this issue of the higher stakes,” he says, “where people’s careers and livelihoods can turn on a dime.”

Spiegelman left JPMorgan to start his own business, which aided banks in creating risk management products and developed

tools to analyze options products. In late 1996, he sold the business, and when obligations related to the business expired, Spiegelman began writing. He didn’t have to go far for inspiration.

“Novelists are people watchers. The trading floor is a great place to watch people,” he says, likening the floor to

### WALL STREET TRADING FLOOR

“The first thing you noticed about the trading floor was the noise. It was a steady, low-pitched roar of men’s voices. The room was half the size of a football field. Rows of battleship gray trading desks filled the entire floor. Well-groomed young men wearing blue or gray suit trousers, expensive dress shirts and colorful silk ties paced frantically at most of the desks. Every fifth or sixth station was occupied by a young woman wearing a business suit or skirt and blouse. Everyone was either on the phone or barking across the desks. Sometimes both. To an outsider it seemed like chaos.” (“Wall and Mean,” Tom Bernard)

### BONUS TIME

“On bonus day, public displays of joy or gratitude were just as taboo as public displays of disappointment.” (“Wall and Mean,” Tom Bernard)

### BAD TRADE

“You’ve just witnessed my worst nightmare. I’ve been trading fifteen years and I have it two or three times a month ... I dream that I do a big trade and when I hang up the traders on the other end of the phone are laughing and high-fiving. That’s my ... nightmare.” (“Wall and Mean,” Tom Bernard)

### NY BANKING SOCIETY

“All around me people spoke of bonuses and booze and drugs and sex and cheating and having. The ballroom ebbed and flowed, a rolling wash of brightly colored pastels and silks. The young men and women spoke in refined and civilized tones as, smiling, they savaged one another.” (“Mergers & Acquisitions,” Dana Vachon)

### J.S. SPENSER - A THINLY VEILED APPRAISAL OF JPMORGAN?

“The firm had hired the most promising liberal arts majors from the best colleges in America and then turned them into world class bankers with a year-long tour of the Spenser offices around the world. In that golden era, you could find yourself structuring M&A deals in Paris, issuing IPOs in London, or even being sent down to Lima to help the junta of the month sort out its national debt or, as was more often the case, just walk away from that debt altogether.” (“Mergers & Acquisitions,” Dana Vachon)

### THE M&A GAME

“Mergers & Acquisitions is a very simple business. Investment banks give advice to billion dollar companies buying other billion-dollar companies, and they take around one half of one percent of the values of these multibillion dollars deals as a fee. One half of one percent on a twenty-billion-dollar merger is ten million dollars, made in a period of a few months without ever risking a cent.” (“Mergers & Acquisitions,” Dana Vachon)

a giant casino.

Spiegelman entertained the idea of being a full-time writer while an undergraduate student. As he puts it, he was a “hair’s breath from an MFA [master of fine arts] program, but I had to pay the rent.” At 22, Spiegelman says, he did not have much to say as a writer because his life experience then was limited. After the experience of working on Wall Street, “my views are more nuanced. Life on Wall Street can give you a unique perspective on things,” he says. Traveling for JPMorgan exposed him to different countries and cultures - something that aids his writing today.

## Tales of Excess

Spiegelman believes reader interest in Wall Street is increasing, because more of what goes on in Lower Manhattan has an influence on Main Street. Scandals on Wall Street have captured the broader public’s attention, and then there are other reasons that hit closer to home: those stomach-churning changes in the value of 401(k) retirement plans and the growth in day trading. “In a frothy market, there now seems to be an appetite for tales of excess. All of this is in the public consciousness,” says Spiegelman.

Frey, one of the more prolific of Wall Street fiction makers who just published his 14th novel, entitled “The Fourth Order” (Ballantine Books), agrees. “It is not as large as the legal thriller industry,” he says. “[But] you have more people attracted to it because they are managing their own portfolios for retirement.”

Spiegelman adds that the broader public - outside of Wall Street - may not be able to overlook the financial industry for other reasons. The “conjunction of Wall Street money, Hollywood celebrity and political power,” he says, cannot go unnoticed. But Spiegelman warns that writing novels with Wall Street as a backdrop can be tricky. “The challenge is for the books to have broad appeal,” he says. “You want an authentic texture, and you don’t want to bog [readers] down in details and lingo.”

Bernard, though, hopes his book about an emerging markets trader with a gambling problem, “Wall and Mean” (W.W. Norton & Co.), will serve not only as entertainment but as a way to give readers “a deeper knowledge of the financial industry.” Bernard, who these days is involved with Lehman Brothers’ private equity investments, started at Salomon Brothers in the late 1970s. He actually shows up in Lewis’s book, “Liar’s Poker,” as “the Human Piranha,” a bond sales manager feared by traders because of his colorful language, or as Lewis calls it, “f-speak,” and his demand for precision on the trading floor at Salomon.

After Salomon, Bernard worked at Kidder Peabody and then went to Lehman Brothers in the mid-1990s, where he ran the firm’s high-yield business until 2002. “Obviously, I

could have done without being called the master of f-speak,” quips Bernard. “Generally, I came off very well in [Lewis’s] book. He was respectful of the Human Piranha.”

Speaking from his home in Aspen, Colo., Bernard seems to have mellowed from those days on Salomon’s trading floor. He says he made the move from New Jersey to raise his children, one of whom is autistic. In fact, the proceeds of his novel are going to charities Autism Speaks and Safe Minds. “I have always thought the novel was the highest form of art. In high school and college, I imagined myself as a novelist,” says Bernard. “As a teen, I read all of Hemingway. He was my favorite author.”

Bernard didn’t get much time to write as a professional on Wall Street until he stepped into his current role, which is not as demanding as his work with high-yield and high-grade debt finance. His experience on Wall Street is sunnier than, say, Bledin’s, and it may be because of friendships he made on trading floors with personalities like **Lewis Ranieri**, who once headed Salomon’s mortgage bond desk. “He is a brilliant guy,” Bernard says of Ranieri.

Bernard telecommutes from Aspen - he helps screen investments made by Lehman - and the workload these days is about 40 hours a week. Much of the time devoted to writing is fitted around his Lehman commitments. “If I have a conference call, I have to prepare for that first. When I have read the memo and have done the call, then I’ll grab the laptop and focus on writing,” Bernard says. A recent private equity deal, though, kept him from writing fiction for three or four weeks.

“When I was working on Wall Street, it was tougher. As much as I love the novel, I didn’t read as much as I would have liked while I was working,” says Bernard, who began his Wall Street career at age 23. The tight schedule meant that he often went on a reading spree during vacations. “I’d devour four or five novels on a week’s vacation, I’d be so famished.”

## Bringing A Banker’s Discipline To Writing

When it comes to writing habits, book publishers may actually begin to prefer the drive and discipline of Wall Street professionals more than, say, the typical graduate student who wants to be a writer.

“I know my publisher loved me. I treated [the book project] like a business transaction. If they asked for revisions or if they gave a deadline, I met the deadline,” recalls Bledin.

“Wall Street folks come to writing with the discipline of another workplace,” says Spiegelman, who is happy if he produces four pages of copy daily. Four pages, he says, “is a great day” because he has two young children at home.

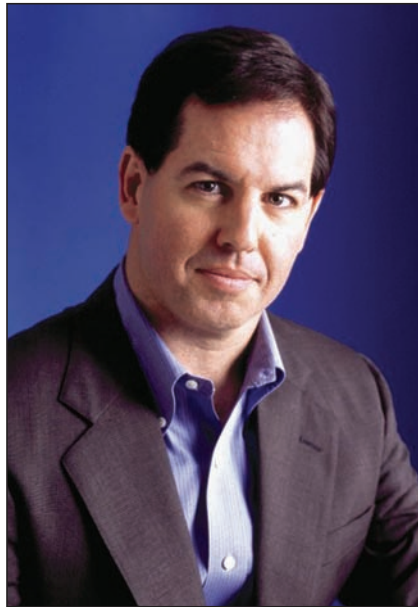
Frey, meanwhile, may be one of the more disciplined Wall Street fiction makers. He still is involved with private equity finance - he is a managing director at **West-**

ham Capital in Richmond, Va., - but manages to get 1,500 to 2,000 words on paper each day. Frey says that his involvement in private equity, with its investments in a variety of businesses in disparate locations, actually helps him craft diverse plot lines.

But not all Wall Streeters end up writing fiction. Some actually go on to publish it. Take **Francois von Hurter**, a former Morgan Stanley and Credit Suisse M&A banker who advised

**Coca-Cola Co.** on its purchase of Columbia Pictures and Seagram Co. on its purchase of MCA. These days, von Hurter publishes mystery fiction out of London with two friends, a former economist and a former commodities trader.

Like many investment bankers, von Hurter found himself on the road a lot. On the way to client meetings, he'd have his eyes in the pitch



Stephen Frey, author of "The Fourth Order"

book, but he'd always have fiction or nonfiction for entertainment on the ride back home.

Von Hurter's Bitter Lemon Press is just over two years old and has published 20 novels since its inception, most of them mysteries. This second career has been ideal. "I always read a lot. I loved recommending books to a lot of people," says Von Hurter, who makes a point these days of not reading any financial news and just focuses on movie and book reviews.

Soon after leaving Wall Street, Von Hurter studied theology and philosophy, specializing in war ethics. "I had no idea what I would do when I left the firm," he recalls, adding that for many Wall Street professionals cutting ties to Wall Street can be tough. "It is panicking to a lot of people, who think: 'Who will take me seriously if I am not a banker? You have to cut and run.'"

Lewis, meanwhile, cautions that not all the stories of excess on Wall Street deserve to be retold on paper. "People think that to be near the accumulation of vast amounts of money, their lives are inherently interesting to other people. But that's usually not the case."

IDD

## Some Things Never Change...

"The Kidnapped Millionaires: A Tale of Wall Street and The Tropics," may have been written in 1901 by **Frederick U. Adams**, but its description of stock markets could have been ripped from the headlines of present day financial pages.

A rare book dealer, Vanishing Books, describes the adventure in its website catalog as an "anti-Wall Street mystery with socialist utopia motif." Wall Streeters, particularly those involved with equity investments, may find it an interesting read.

Adams, born in Boston, was an inventor and author who died in Larchmont, NY. As the title suggests, the story is about the disappearance of six millionaires and the impact of this news on the stock market. The novel talks of rumors and panic and newspaper reports fanning buying and selling. Investors don't have CNBC or Bloomberg terminals, but they have newspapers sold on street corners and the ticker tape for price changes in stock and commodities.

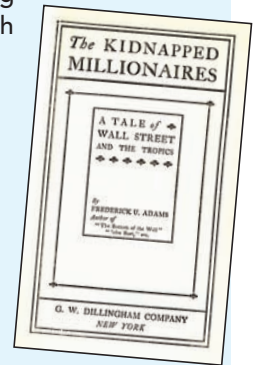
What makes the novel so interesting is that shares quoted by investors in the book are mostly railroads - the Baltimore & Ohio and the Jersey Central — and the commodity most actively quoted is sugar.

The description of panic selling by Adams, meanwhile, has resonance for today's investors:

"Did you ever make the experiment with iron filings and a magnet? Place such filings on a sheet of paper and pass a magnet under the paper. The tiny bits of metal will mass themselves in peculiar and irregular figures. As the magnet moves, kaleidoscopic changes will be effected. Individual filings will detach themselves from one mass and fly to another. Such was the scene on the floor of the New York Stock Exchange."

If that does not give you a sense of *deja vu*, consider some of the opening lines of Adams' novel.

"For a week the Wall Street boom had been the sensation of New York and of the country ... It was the whispered topic of conversation among clerks, and the noisy subject of debate in hotel lobby and corridor. The jargon of the Stock Exchange was incorporated into metropolitan English ... Newspapers fed the flame and vied in displaying and narrating the golden exploits of magnate and operator."



KippsDeSanto cont. from p.3

actively as we thought they could be.” Larger firms are less amenable to assignments bankers can take on, he says, and smaller boutiques usually have “more tools in the shed” as far as available client services. “Within larger firms, there’s an off-the-shelf approach - an offering is priced, scoped and planned in a cookie-cutter way, but that’s not our approach.”

Another advantage for KippsDeSanto is its geographic location, says Kipps. The firm is based near Washington, DC - the hub of the industries it serves - in Vienna, Va. Kipps says the bankers’ average deal size has been over \$100 million, adding, “We’re equally comfortable doing \$25 million to \$50 million deals as we are doing \$400 million deals.”

The other KippsDeSanto principal is **Kevin DeSanto**, who was previous-

ly a senior vice president in Houlihan’s aerospace, defense and government group. **Marc Marlin** and **John Min**, former Houlihan associates, also left for the new firm. While KippsDeSanto plans to increase its banker corps extensively over the next five years, it doesn’t plan further additions from Houlihan in the near future, says Kipps.

Combined, Kipps and DeSanto have advised on more than 30 transactions worth more than \$3 billion. Some of their notable Houlihan mandates include advising **Aspen Systems**, one of the largest government IT companies, on its \$92.4 million sale to **Lockheed Martin**, which closed in January 2006, and advising **Datatrak Information Services**, a homeland security IT firm, on its sale to **Computer Sciences Corp.** for an undisclosed price. That transaction closed last December. Kipps and DeSanto also

worked with Defense Dept. engineering player **Argon Engineering Associates** on its September 2004 acquisition of **SenSyTech**, which formed a new company, **Argon ST**.

In addition to the sectors mentioned above, Kipps says the firm will concentrate on healthcare information technology. “The government is one of the larger healthcare payers because of the number of employees, veterans and active military personnel,” he says. “The demographics of aging and how long people are disabled or retired are, unfortunately from a taxpayer perspective, very high-cost. As a result, there’s an angle of policy and consulting, as well as IT efficiency, that the government is looking to spend money on to improve the situation.”

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## LOAN PIPELINE

Date Announced	Borrower	Loan Package Amount (US\$ mil)	Loan Description	Bookrunner(s)	Status
06/29/07	AMG Resources	30.0	Rev Cred Fac	PNC Bank	In Process / In Syndic
06/29/07	Bayview Financial	800.0	364d Revolver	JPMorgan	In Process / In Syndic
06/29/07	CL Thomas	75.0	Rev Cred Fac	Wells Fargo; JPMorgan	In Process / In Syndic
06/29/07	CL Thomas	125.0	Term Loan	Wells Fargo; JPMorgan	In Process / In Syndic
06/29/07	Forbes Media	200.0	Rev Cred Fac	JPMorgan	In Process / In Syndic
06/29/07	Live Nation	321.4	Term Loan B	JPMorgan; BankAmerica	In Process / In Syndic
06/29/07	Live Nation	285.0	Rev Cred Fac	JPMorgan; BankAmerica	In Process / In Syndic
06/29/07	Live Nation	225.0	Term Loan C	JPMorgan; BankAmerica	In Process / In Syndic
06/29/07	Regis	350.0	Rev Cred Fac	JPMorgan; BankAmerica	In Process / In Syndic
06/29/07	Thompson Publishing Group	15.0	Rev Cred Fac	National City Bank; GECC Capital Markets	In Process / In Syndic
06/29/07	Thompson Publishing Group	100.0	Term Loan B	National City Bank; GECC Capital Markets	In Process / In Syndic
06/29/07	Thompson Publishing Group	40.0	2ndLienTermLoan	National City Bank; GECC Capital Markets	In Process / In Syndic
06/29/07	VWR International	675.0	Bridge Loan	BankAmerica; Goldman Sachs; JPMorgan	In Process / In Syndic
06/28/07	El-Ad Las Vegas	825.0	1stLienTermLoan	Credit Suisse; Goldman Sachs	In Process / In Syndic
06/28/07	Kindred Healthcare	500.0	Rev Cred Fac	JPMorgan	In Process / In Syndic
06/28/07	Regency Entertainment USA	500.0	Rev Cred Fac	JPMorgan	In Process / In Syndic
06/26/07	Hines Interests	200.0	Rev Cred Fac	JPMorgan	In Process / In Syndic
06/26/07	Procter & Gamble	3,000.0	Rev Cred Fac	Citigroup; JPMorgan	In Process / In Syndic
06/26/07	Procter & Gamble	17,000.0	364d Revolver	Citigroup	In Process / In Syndic
06/26/07	Procter & Gamble	6,000.0	Rev Cred Fac	Citigroup; JPMorgan	In Process / In Syndic
06/22/07	Chrysler	10,000.0	Term Loan B	JPMorgan; GS; Citi; MS; BS	In Process / In Syndic
06/22/07	Chrysler	2,000.0	2ndLienTermLoan	JPMorgan; GS; Citi; MS; BS	In Process / In Syndic
06/22/07	DaimlerChrysler Services NA	2,000.0	Rev Cred Fac	JPMorgan; GS; Citi; MS; BS	In Process / In Syndic
06/22/07	DaimlerChrysler Services NA	4,000.0	Term Loan	JPMorgan; GS; Citi; MS; BS	In Process / In Syndic
06/22/07	DaimlerChrysler Services NA	2,000.0	2ndLienTermLoan	JPMorgan; GS; Citi; MS; BS	In Process / In Syndic
06/22/07	Foundry Park I	116.0	Rev Cred Fac	SunTrust Banks	In Process / In Syndic
06/22/07	MS Woolbright Glades Plaza	43.8	Rev Cred Fac	PNC Bank	In Process / In Syndic
06/22/07	Odyssey RE Holdings	75.0	Rev Cred Fac	Wachovia Bank	In Process / In Syndic
06/22/07	Odyssey RE Holdings	75.0	Letter of Cred	Wachovia Bank	In Process / In Syndic
06/22/07	Unical Aviation	105.0	Rev Cred Fac	PNC Bank	In Process / In Syndic
06/21/07	McMoRan Exploration	800.0	Rev Cred Fac	JPMorgan; Merrill Lynch	In Process / In Syndic
06/21/07	McMoRan Exploration	800.0	Bridge Loan	JPMorgan; Merrill Lynch	In Process / In Syndic
06/19/07	Excel Mining Systems	15.0	Rev Cred Fac	Credit Suisse; Goldman Sachs	In Process / In Syndic
06/19/07	Excel Mining Systems	235.0	1stLienTermLoan	Credit Suisse; Goldman Sachs	In Process / In Syndic
06/19/07	Excel Mining Systems	100.0	2ndLienTermLoan	Credit Suisse; Goldman Sachs	In Process / In Syndic
06/18/07	PEP Boys-Manny Moe & Jack	357.5	Rev Cred Fac	Wachovia Bank	In Process / In Syndic
06/18/07	UC Operating Partnership	90.0	Rev Cred Fac	Wachovia Bank; Deutsche Bank	In Process / In Syndic
06/18/07	Vertrue	660.0	Term Loan	Lehman Brothers; JPMorgan	Mandated
06/15/07	Clearwire	620.0	Dly Drw Trm Ln	MS; JPMorgan; ML; Citigroup	In Process / In Syndic
06/15/07	Clearwire	380.0	Term Loan B	MS; JPMorgan; ML; Citigroup	In Process / In Syndic
06/15/07	Jetro Holdings	100.0	Rev Cred Fac	JPMorgan	In Process / In Syndic
06/15/07	Jetro Holdings	800.0	Term Loan B	JPMorgan	In Process / In Syndic

## IPOS PRICED (WEEK OF 07/02/07-07/09/07)

Company (Symbol) Business	Location Phone	First Trade Date Days in Reg.	Amt. (\$Mil)	Number of Shares	Offer Price	Current Price % change	Bookrunner(s) Co-Managers
<b>ShoreTel (SHOR)</b> Dvlp Internet software	<b>Sunnyvale, CA</b> (408) 331-3300	<b>07/03/07</b> 140	<b>75.1</b>	<b>7,900,000</b>	<b>9.50</b>	<b>12.50</b> 31.579	<b>LEH; JPM</b> Piper Jaffray; JMP Securities

## NEW FILINGS (WEEK OF 07/02/07-07/09/07)

Company (Symbol) Business	Location Phone	Filing Date	Amount Filed (\$Mil)	Bookrunner(s) Co-Managers
<b>Compellent Technologies (CPLT)</b> Dvlp storage software	<b>Eden Prairie, MN</b> (952) 294-3300	<b>07/02/07</b>	<b>60.0</b>	<b>MORGAN STANLEY</b> Needham; Piper Jaffray; RBC; Thomas Weisel
<b>Horsehead Holding (ZINC)</b> Mnfr zinc-based products	<b>Monaca, PA</b> (724) 774-1020	<b>07/02/07</b>	<b>115.0</b>	<b>FRIEDMAN</b>
<b>NetSuite (NETS)</b> Dvlp entrp planning software	<b>CA</b> (650) 627-1000	<b>07/02/07</b>	<b>75.0</b>	<b>CREDIT SUISSE</b> WR Hambrecht
<b>Och-Ziff Cap Mgt Grp (OZM)</b> Investment management services	<b>New York, NY</b> (212) 790-0041	<b>07/02/07</b>	<b>2,000.0</b>	<b>GS; LEH</b>
<b>ViewSonic (VIEW)</b> Mnfr visual display products	<b>Walnut, CA</b> (909) 444-8888	<b>07/02/07</b>	<b>143.8</b>	<b>JPM; BA SEC</b> Thomas Weisel; Needham
<b>Kohlberg Kravis Roberts (KKR)</b> Private Equity Firm	<b>New York, NY</b> (212) 750-8300	<b>07/03/07</b>	<b>1,250.0</b>	<b>MORGAN STANLEY; CITI</b>
<b>Gulfstream Int'l Grp (GIA)</b> Investment holding company	<b>Ft Lauderdale, FL</b> (954) 985-1500	<b>07/05/07</b>	<b>12.0</b>	<b>TAGLICH</b>
<b>Constant Contact (CTCT)</b> Pvd online communication svcs	<b>Waltham, MA</b> (781) 472-8100	<b>07/06/07</b>	<b>86.3</b>	<b>CIBC; THOMAS-WEISEL</b> William Blair; Cowen; Needham
<b>Ulta Salon Cosmetic Frag (ULTA)</b> retail stores	<b>Romeoville, IL</b> (630) 226-0020	<b>07/06/07</b>	<b>115.0</b>	<b>JPM; WACHOVIA</b> Thomas Weisel; Cowen; Piper Jaffray

## COMING OUT OF THE QUIET PERIOD

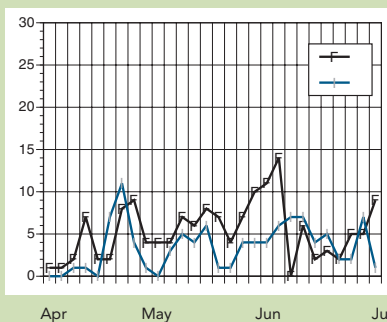
QP Date	Offering Date	Company (Symbol)	Offering Price	As of 07/09/07	% Change
07/02/07	05/23/07	Helicos BioSciences (HLS)	9.00	8.76	-2.667
07/02/07	05/23/07	Starlims Tech (LIMS)	13.50	12.35	-8.519
07/03/07	05/24/07	Advent/Claymore Global Conv (AGC)	20.00	19.60	-2.000
07/03/07	05/24/07	Blackrock International Growth (BGY)	20.00	19.76	-1.200
07/03/07	05/24/07	Dow 30 Ehc Prm (DPO)	20.00	19.70	-1.500
07/03/07	05/24/07	Greenlight Capital RE (GLRE)	19.00	22.42	18.000
07/03/07	05/24/07	Pioneer Diversified High (HNW)	25.00	24.65	-1.400
07/03/07	05/24/07	Seligman LaSalle International (SLS)	25.00	25.00	0.000
07/04/07	05/25/07	Clean Energy Fuels (CLNE)	12.00	13.30	10.833
07/04/07	05/25/07	First Trust/Gallatin Specialty (FGB)	20.00	19.65	-1.750
07/05/07	05/26/07	Eaton Vance Credit	20.00	20.61	3.050
07/05/07	05/26/07	RMR Asia Pacific Real Estate (RAP)	20.00	24.79	23.950
07/09/07	05/30/07	Amicus Therapeutics (FOLD)	15.00	12.82	-14.533

A REVIEW OF THE MOST RECENT 100 INITIAL PUBLIC OFFERINGS

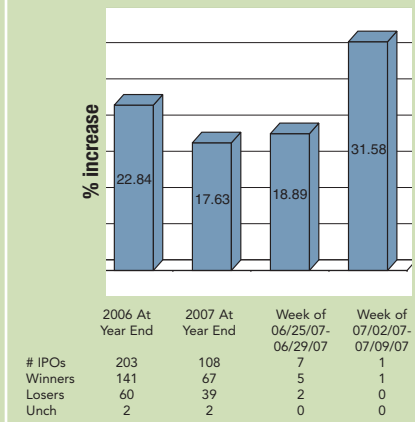
Company	Offer Date	Offer Price	Close On 07/09/07	% Change	Company	Offer Date	Offer Price	Close On 07/09/07	% Change
ShoreTel Inc	07/02/07	9.50	12.50	31.579	Cavium Networks Inc	05/01/07	13.50	25.82	91.259
Bridgeline Software Inc	06/28/07	5.00	4.90	-2.000	Neurogesx Inc	05/01/07	11.00	8.32	-24.364
Polypore International Inc	06/27/07	19.00	18.53	-2.474	Pharmasset Inc	04/26/07	9.00	9.00	0.000
Pros Holdings Inc	06/27/07	11.00	12.62	14.727	Edenor	04/25/07	17.00	22.52	32.471
Vaughan Foods Inc	06/27/07	6.50	6.35	-2.308	Orexigen Therapeutics Inc	04/25/07	12.00	14.90	24.167
AuthenTec Inc	06/26/07	11.00	11.00	0.000	Ocean Power Technologies Inc	04/24/07	20.00	24.00	20.000
Comscore Inc	06/26/07	16.50	23.80	44.242	OceanFreight Inc	04/24/07	19.00	20.50	7.895
Data Domain Inc	06/26/07	15.00	28.18	87.867	Cinemark Holdings Inc	04/23/07	19.00	17.01	-10.474
Spectra Energy Partners LP	06/26/07	22.00	28.95	31.591	Simcere Pharmaceutical Group	04/19/07	14.50	13.57	-6.414
Spreadtrum Communications Inc	06/26/07	14.00	15.07	7.643	Superior Offshore Intl Inc	04/19/07	15.00	18.41	22.733
Care Investment Trust Inc	06/22/07	15.00	14.93	-0.467	MetroPCS Communications Inc	04/18/07	23.00	35.18	52.957
Blackstone Group LP	06/21/07	31.00	31.48	1.548	Converge Inc	04/12/07	18.00	38.26	112.556
China Shenghuo Pharmaceutical	06/18/07	3.50	4.80	37.143	Verax Networks Inc	04/04/07	8.00	7.15	-10.625
ZBB Energy Corp	06/15/07	6.00	5.30	-11.667	Capital Product Partners LP	03/29/07	21.50	28.50	32.558
Biofuel Energy Corp	06/14/07	10.50	11.00	4.762	Flagstone Reinsurance Holdings	03/29/07	13.50	13.68	1.333
First Capital Bancorp	06/14/07	15.75	15.80	0.317	Super Micro Computer Inc	03/29/07	8.00	10.21	27.625
Bway Holding Co	06/12/07	15.00	14.71	-1.933	GSI Technology Inc	03/28/07	5.50	4.56	-17.091
FBR Capital Markets Corp	06/07/07	17.00	16.60	-2.353	SenoRx Inc	03/28/07	8.00	10.32	29.000
Limelight Networks Inc	06/07/07	15.00	22.62	50.800	eTelecare Global Solutions	03/27/07	13.50	16.97	25.704
Yingli Green Energy Holding Co	06/07/07	11.00	17.96	63.273	Aruba Networks Inc	03/26/07	11.00	19.88	80.727
Infinera Corp	06/06/07	13.00	24.29	86.846	Castlepoint Holdings Ltd	03/22/07	14.50	11.00	-24.138
Starent Networks Corp	06/05/07	12.00	15.38	28.167	Glu Mobile Inc	03/21/07	11.50	13.55	17.826
Response Genetics Inc	06/04/07	7.00	6.20	-11.429	Cheniere Energy Partners LP	03/20/07	21.00	19.00	-9.524
Jazz Pharmaceuticals Inc	05/31/07	18.00	15.98	-11.222	Haynes International Inc	03/19/07	65.00	90.99	39.985
LDK Solar Co Ltd	05/31/07	27.00	36.37	34.704	FCStone Group Inc	03/16/07	24.00	57.95	141.458
Amicus Therapeutics Inc	05/30/07	15.00	12.82	-14.533	Gafisa S.A.	03/15/07	24.88	35.09	41.035
Clean Energy Fuels Corp	05/25/07	12.00	13.30	10.833	Tongjitang Chinese Medicines	03/15/07	10.00	11.84	18.400
Greenlight Capital Re Ltd	05/24/07	19.00	22.42	18.000	Bigband Networks Inc	03/14/07	13.00	13.12	0.923
Helicos BioSciences Corp	05/23/07	9.00	8.76	-2.667	Sourcefire Inc	03/08/07	15.00	14.01	-6.600
Starlims Tech Ltd	05/23/07	13.50	12.35	-8.519	Xinhua Finance Media Ltd	03/08/07	13.00	8.31	-36.077
B&G Foods Inc	05/22/07	13.00	20.64	58.769	Clearwire Corp	03/07/07	25.00	25.69	2.760
Sirtris Pharmaceuticals Inc	05/22/07	10.00	12.99	29.900	Rosetta Genomics Ltd	02/26/07	7.00	6.43	-8.143
China Sunergy Co Ltd	05/17/07	11.00	11.66	6.000	Salary.com Inc	02/15/07	10.50	13.39	27.524
Enernoc Inc	05/17/07	26.00	38.54	48.231	OpNext Inc	02/14/07	15.00	13.10	-12.667
TriMas Corp	05/17/07	11.00	12.07	9.727	Quadra Realty Trust Inc	02/14/07	15.00	12.86	-14.267
CAI International Inc	05/16/07	15.00	14.00	-6.667	Converted Organics Inc	02/13/07	5.50	4.50	-18.182
Eurand NV	05/16/07	16.00	15.19	-5.063	Optimer Pharmaceuticals Inc	02/09/07	7.00	10.40	48.571
TechTarget Inc	05/16/07	13.00	12.24	-5.846	VeriChip Corp	02/09/07	6.50	10.35	59.231
Skilled Healthcare Group Inc	05/15/07	15.50	15.82	2.065	Fortress Investment Group LLC	02/08/07	18.50	23.61	27.622
Continental Resources Inc	05/14/07	15.00	16.35	9.000	Targa Resources Partners	02/08/07	21.00	33.25	58.333
Insulet Corp	05/14/07	15.00	14.87	-0.867	US Auto Parts Networks Inc	02/08/07	10.00	9.91	-0.900
Pinnacle Gas Resources Inc	05/14/07	9.00	7.53	-16.333	Accuray Inc	02/07/07	18.00	22.50	25.000
Wilson Holdings Inc	05/14/07	3.25	2.60	-20.000	Mellanox Technologies Ltd	02/07/07	17.00	21.86	28.588
Biodiel Inc	05/10/07	15.00	20.16	34.400	National CineMedia Inc	02/07/07	21.00	28.69	36.619
JMP Group Inc	05/10/07	11.00	10.00	-9.091	Switch And Data Inc	02/07/07	17.00	18.85	10.882
Solera Holdings Inc	05/10/07	16.00	20.00	25.000	3SBio Inc	02/06/07	16.00	9.41	-41.188
Aecom Technology Corp	05/09/07	20.00	26.68	33.400	JA Solar Holdings Co Ltd	02/06/07	15.00	42.76	185.067
Tomotherapy Incorporated	05/08/07	19.00	23.93	25.947	Synta Pharmaceuticals Corp	02/06/07	10.00	8.49	-15.100
Acorn International Inc	05/02/07	15.50	22.80	47.097	Cellcom Israel Ltd	02/05/07	20.00	26.64	33.200
Qiao Xing Mobile Commun	05/02/07	12.00	9.20	-23.333	Molecular Insight Pharm Inc	02/01/07	14.00	9.07	-35.214

The IPO 100 Index measures the average price of the most recent 100 initial public offerings, excluding closed-end funds and unit offerings containing warrants in the U.S. market. For the week ended July 09, 2007 the index closed at +17.98%. The best performer was **JA Solar Holdings Co. Ltd. (JASO)** up \$9.04 to close at \$42.76. The worst performer **China Sunergy Co. Ltd. (CSUN)** was down \$2.04 to close at \$11.66. In all 59 stocks were up while 36 were down. In all 41 of the index 100 components beat the S&P 500.

Number of IPOs & Filings



Aftermarket at a Glance



Source: Thomson Financial

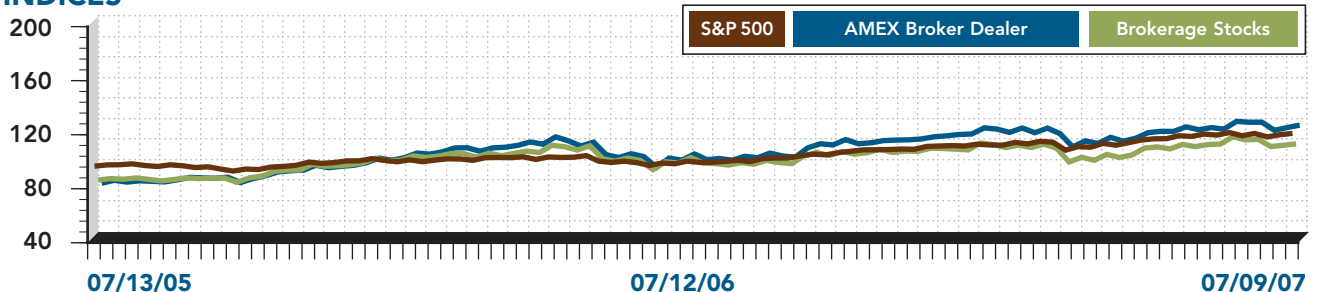
## BROKERAGE STOCKS RANKED BY PERFORMANCE

Firm	Ticker Symbol	Close on 07/09/07	TTM EPS	P/E	% Change Latest Week	Year-to-date Change	52-Week Low	52-Week High
Raymond James	RJF	33.92	1.79	16.80	8.440	11.910	26.45	34.62
E*Trade	ETFC	23.27	1.01	15.49	4.678	3.791	20.82	26.08
Sanders Morris Harris Group	SMHG	11.89	0.59	28.75	3.391	-6.891	10.19	15.37
Merrill Lynch	MER	85.38	4.38	13.50	2.239	-8.292	71.20	98.68
Goldman Sachs	GS	223.30	8.76	12.47	1.880	12.014	145.66	233.97
Morgan Stanley	MS	72.66	3.99	13.40	1.865	-10.770	60.18	90.95
Oppenheimer Holdings	OPY	55.99	1.02	20.67	1.837	67.635	26.70	57.50
<b>AMEX Securities Broker Dealer</b>	<b>XBD</b>	<b>260.10</b>	<b>N/A</b>	<b>N/A</b>	<b>1.554</b>	<b>7.617</b>	<b>205.46</b>	<b>268.65</b>
Lehman Brothers	LEH	74.86	8.86	12.01	0.930	-4.173	61.88	86.18
<b>S&amp;P 500</b>	<b>GSPC</b>	<b>1,531.85</b>	<b>N/A</b>	<b>N/A</b>	<b>0.817</b>	<b>8.006</b>	<b>1,289.82</b>	<b>1,540.56</b>
Bear Stearns	BSC	143.89	9.43	11.00	0.510	-11.605	127.10	172.61
Ameritrade	AMTD	20.24	0.72	27.27	0.447	25.093	14.67	21.31
Friedman Billings Ramsey	FBR	5.41	1.68	8.74	0.185	-32.375	4.50	10.98
Legg Mason	LM	100.20	3.53	29.11	-0.110	5.418	81.01	110.17
Charles Schwab	SCHW	21.94	0.20	68.15	-0.273	13.444	15.59	23.02
A G Edwards	AGE	85.15	2.50	17.92	-0.374	34.539	50.17	90.44
Southwest Securities	SWS	21.96	1.44	12.66	-0.768	-7.731	14.45	31.99
Piper Jaffray	PJC	55.96	2.26	14.79	-0.798	-14.106	49.30	74.30
Jefferies Group	JEF	27.56	2.11	19.93	-1.148	2.759	23.73	33.80
Stifel Financial	SF	59.45	1.67	14.53	-1.491	51.542	31.21	61.90
First Albany	FACT	1.61	-0.66	N/A	-3.012	-30.603	1.42	4.25
<b>Brokerage Stocks</b>					<b>0.990</b>	<b>5.582</b>		

## BANK STOCKS RANKED BY PERFORMANCE

Firm	Ticker Symbol	Close on 07/09/07	TTM EPS	P/E	% Change Latest Week	Year-to-date Change	52-Week Low	52-Week High
Bank of New York	BK	45.08	1.87	16.66	1.876	14.503	31.29	45.99
Royal Bank of Canada	RY	53.71	4.43	16.34	1.512	12.718	41.45	56.45
Deutsche Bank	DB	148.07	5.98	14.56	1.439	11.130	108.26	159.76
Credit Suisse Group	CS	73.16	3.73	11.12	1.358	4.739	53.26	79.29
HSBC Holdings	HBC	92.77	5.91	13.64	0.487	1.222	85.16	98.56
US Bancorp	USB	33.35	2.23	13.59	0.482	-7.847	30.54	36.85
UBS	UBS	61.09	6.61	12.28	0.148	1.260	52.70	66.26
JPMorgan Chase	JPM	48.79	1.48	23.93	0.041	1.014	40.40	53.25
Citigroup	C	51.60	3.29	13.36	-0.077	-7.361	47.22	57.00
Bank of America	BAC	48.81	3.92	11.26	-1.034	-8.578	48.36	55.08
Wells Fargo	WFC	35.12	4.15	14.90	-1.098	-1.237	33.01	36.99
Keycorp	KEY	34.57	2.47	13.99	-1.482	-9.098	34.15	39.90
Wachovia	WB	51.47	3.97	12.77	-1.587	-9.622	50.84	58.80
<b>Bank Stocks</b>					<b>0.159</b>	<b>0.219</b>		

## INDICES



Note: Brokerage performance is based on a market capitalization weighted index of all stocks in the above table.

Source: IDD Research

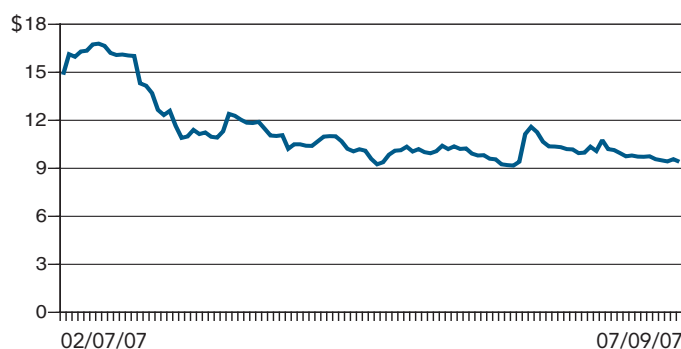
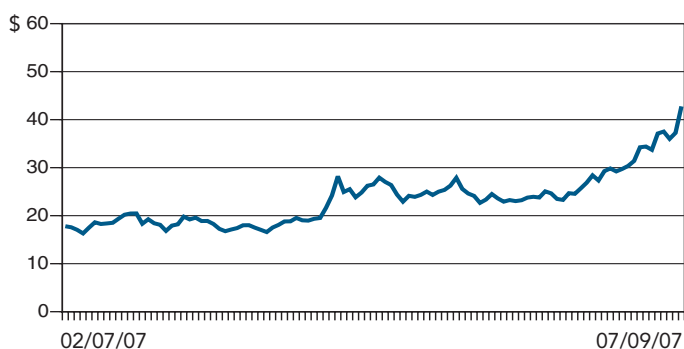
2007 IPO PERFORMANCE

Best Issuers	Offer Price	Price on 07/09/07	Percent Change	Ticker Symbol	Offer Date	Amount (mils.)	Book Manager
1. <b>JA Solar Holdings</b>	15.00	42.76	185.067	JASO	02/06/07	225.0	CIBC World Markets; Piper Jaffray
2. <b>FCStone Group</b>	24.00	57.95	141.458	FCSX	03/16/07	122.4	BMO Capital Markets; BofA
3. <b>Comverge</b>	18.00	38.26	112.556	COMV	04/12/07	95.4	Citigroup
4. <b>Cavium Networks</b>	13.50	25.82	91.259	CAVM	05/01/07	91.1	Morgan Stanley; Lehman Brothers
5. <b>Data Domain</b>	15.00	28.18	87.867	DDUP	06/26/07	110.9	Goldman Sachs; Morgan Stanley

Worst Issuers	Offer Price	Price on 07/09/07	Percent Change	Ticker Symbol	Offer Date	Amount (mils.)	Book Manager
1. <b>3SBio</b>	16.00	9.41	-41.188	SSRX	02/06/07	123.2	UBS Investment Bank
2. <b>Xinhua Finance Media</b>	13.00	8.31	-36.077	XFML	03/08/07	300.0	JPMorgan; UBS Investment Bank
3. <b>Xtent</b>	16.00	10.36	-35.250	XTNT	01/31/07	75.2	Piper Jaffray
4. <b>Molecular Insight Pharm</b>	14.00	9.07	-35.214	MIPI	02/01/07	70.0	RBC Capital Markets; Jefferies
5. <b>Neurogesx</b>	11.00	8.32	-24.364	NGSX	05/01/07	44.0	Morgan Stanley

JA Solar Holdings (JASO)

3SBio (SSRX)



PERFORMANCE OF RECENT IPOs

Issuer	Ticker Symbol	Offer Date	Book Manager	Amount (mils.)	Average File Price Range	Offer Price Per Share	Price On 07/09/07	% Change Offer to 07/09/07	Price 7 Days After Offer	% Change 7 Days After Offer
ShoreTel	SHOR	07/02/07	Lehman Brothers; JPM	75.1	9.50	9.50	12.50	31.579	12.50	31.580
Bridgeline Software	BLSW	06/28/07	Joseph Gunnar	15.0	5.50	5.00	4.90	-2.000	4.90	-1.999
Polypore International	PPO	06/27/07	JPMorgan	285.0	21.00	19.00	18.53	-2.474	18.67	-1.740
Pros Holdings	PRO	06/27/07	JPMorgan; Deutsche Bank	75.1	11.00	11.00	12.62	14.727	13.10	19.090
Vaughan Foods	FOODU	06/27/07	Paulson Investment	14.0	5.00	6.50	6.35	-2.308	6.40	-1.538
AuthenTec	AUTH	06/26/07	Lehman Brothers	82.5	10.00	11.00	11.00	0.000	10.74	-2.363
Comscore	SCOR	06/26/07	Credit Suisse	87.5	15.00	16.50	23.80	44.242	22.39	35.696
Data Domain	DDUP	06/26/07	Goldman Sachs; MS	110.9	12.50	15.00	28.18	87.867	23.00	53.333
Spectra Energy Partners	SEP	06/26/07	Citi; Lehman Brothers	220.0	20.00	22.00	28.95	31.591	28.50	29.545
readtrum Communications	SPRD	06/26/07	Morgan Stanley; LB	125.9	12.00	14.00	15.07	7.643	14.18	1.286

PERFORMANCE OF RECENT STOCK OFFERINGS

Issuer	Ticker Symbol	Offer Date	Book Manager	Amount (mils.)	Price One Day Before Offer	Offer Price Per Share	% Change Offer to 07/09/07	% Change S&P 500 Offer 07/09/07
EnerSys	ENS	06/29/07	Jefferies	108.3	19.15	18.05	6.371	1.900
Otelco	OTT.UN	06/29/07	CIBC World Markets; UBS	59.4	19.93	19.80	-0.505	1.900
Crown Castle International	CCI	06/28/07	Morgan Stanley	1,303.8	35.00	35.83	3.824	1.740
MMC Energy	MMCE	06/28/07	Merriman Curhan Ford	50.0	6.80	5.50	-7.273	1.740
Macquarie Infrastructure	MIC	06/28/07	Cit; CS; ML; Macquarie Sec	258.2	42.19	40.99	0.683	1.740
TravelCenters of America	TA	06/28/07	UBS; Morgan Stanley	200.1	42.12	41.10	-2.214	1.740
American Oriental	AOB	06/27/07	Piper Jaffray	72.3	8.60	8.50	15.529	1.690
Aspen Insurance Holdings	AHL	06/27/07	Credit Suisse	222.8	28.33	28.10	1.246	1.690
Emeritus	ESC	06/27/07	UBS	341.0	33.83	31.00	-1.290	1.690
Venoco	VQ	06/27/07	Credit Suisse; Lehman Brothers	112.9	18.78	18.50	3.892	1.690

## EQUITY

### CLINICAL DATA

Location: Newton, RI  
Business: Mnfr,whl laboratory equip  
Filing Date: 07/10/07; Expected Date: To be ann.; Amount Filed: \$64.6;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 143883;  
Stock Price: \$21.54 to \$21.54;  
Shares Filed: 3,000,000;  
Ticker Symbol: CLDA  
Managers: Bear Stearns

### DYAX

Location: Cambridge, MA  
Business: Biotech co  
Filing Date: 07/09/07; Expected Date: To be ann.; Amount Filed: \$39.8;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 133324;  
Stock Price: \$4.19 to \$4.19; Shares Filed: 9,500,000; Ticker Symbol: DYAX  
Managers: UBS Investment Bank; Deutsche Bank Securities; JP Morgan

### MEADOWBROOK INSURANCE GROUP

Location: Southfield, MI  
Business: Ins co;hldg co  
Filing Date: 07/09/07; Expected Date: To be ann.; Amount Filed: \$79.5;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 143244;  
Stock Price: \$10.96 to \$10.96;  
Shares Filed: 7,250,000;  
Ticker Symbol: MIG  
Managers: Key Banc Capital Markets; Friedman Billings Ramsey; Ferris Baker Watts

### TECHNOLOGY INVESTMENT CAPITAL

Location: Greenwich, CT  
Business: Invest co  
Filing Date: 07/09/07; Expected Date: To be ann.; Amount Filed: \$20.0;  
Security Type: Common Shares;  
S.E.C. Form: N-2; S.E.C. Number: 142154;  
Stock Price: \$15.96 to \$15.96;  
Shares Filed: 1,250,000;  
Ticker Symbol: TICC  
Managers: Wachovia Securities

### ARCADIA RESOURCES

Location: Southfield, MI  
Business: Pvd temporary staffing svcs  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$12.5; Security Type: Common Shares; S.E.C. Form: S-3; S.E.C. Number: 144406; Shares Filed: 11,455,959; Ticker Symbol: KAD  
Managers: To Be Announced

### CEREPLAST

Location: Hawthorne, CA  
Business: Dvlp,mnfr,sale food containers  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$22.8; Security Type: Common Shares; S.E.C. Form: S-B2; S.E.C. Number: 144408; Shares Filed: 38,341,053; Ticker Symbol: CERP  
Managers: To Be Announced

### CLAYMORE EMERGING MARKETS OPPORTUNITIES FUND (IPO)

Location: Lisle, IL  
Business: Closed-end investment fund  
Filing Date: 07/06/07; Expected Date: To be ann.; Amount Filed: \$1.0;  
Security Type: Common Shares;  
S.E.C. Form: N-2; S.E.C. Number: 144390;  
Stock Price: \$20.00 to \$20.00;  
Shares Filed: 50,000;  
Managers: To Be Announced

### CONSTANT CONTACT (IPO)

Location: Waltham, MA  
Business: Pvd online communication svcs  
Filing Date: 07/06/07; Expected Date: To be ann.; Amount Filed: \$86.3;  
Security Type: Common Shares;  
S.E.C. Form: S-1; S.E.C. Number: 144381;  
Ticker Symbol: CTCT  
Managers: CIBC World Markets; Thomas Weisel Partners; William Blair; Cowen; Needham

### CONSTELLATION ENERGY PARTNERS

Location: Baltimore, MD  
Business: Oil,gas expl,prodn  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$85.8;  
Security Type: Ltd Liab Int;  
S.E.C. Form: S-1; S.E.C. Number: 144388;  
Shares Filed: 2,298,060;  
Ticker Symbol: CEP  
Managers: To Be Announced

### H2DIESEL HOLDINGS

Location: Houston, TX  
Business: Pvd telecommunications svcs  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$41.9;  
Security Type: Common Shares;  
S.E.C. Form: S-B2;  
S.E.C. Number: 144386;  
Shares Filed: 7,867,400;  
Ticker Symbol: HTWO  
Managers: To Be Announced

### IMMTECH PHARMACEUTICALS

Location: New York, NY  
Business: Prvd biopharmaceutical svcs  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$50.0;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144391;  
Shares Filed: 6,142,506;  
Ticker Symbol: IMM  
Managers: To Be Announced

### KIMCO REALTY

Location: New Hyde Park, NY  
Business: Real estate investment trust  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$5.3;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144378;  
Shares Filed: 138,016; Ticker Symbol: KIM  
Managers: To Be Announced

### US GOLD

Location: Lakewood, CO  
Business: Gold and silver mining  
Filing Date: 07/06/07; Expected Date: Not Avail.; Amount Filed: \$2.9;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144410;  
Shares Filed: 501,000;  
Ticker Symbol: USGL  
Managers: To Be Announced

### ULTA SALON, COSMETICS & FRAGRANCE (IPO)

Location: Romeoville, IL  
Business: retail stores  
Filing Date: 07/06/07; Expected Date: To be ann.; Amount Filed: \$115.0;  
Security Type: Common Shares;  
S.E.C. Form: S-1; S.E.C. Number: 144405;  
Ticker Symbol: ULTA  
Managers: JP Morgan; Wachovia Securities; Thomas Weisel Partners; Cowen; Piper Jaffray

### COUGAR BIOTECHNOLOGY

Location: Los Angeles, CA  
Business: Biotech co  
Filing Date: 07/05/07; Expected Date: Not Avail.; Amount Filed: \$93.0;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144362;  
Shares Filed: 3,984,573;  
Managers: To Be Announced

### GULFSTREAM INTERNATIONAL GROUP (IPO)

Location: Fort Lauderdale, FL  
Business: Investment holding company  
Filing Date: 07/05/07; Expected Date: To be ann.; Amount Filed: \$12.0;  
Security Type: Common Shares;  
S.E.C. Form: S-1; S.E.C. Number: 144363;  
Stock Price: \$11.00 to \$13.00;  
Shares Filed: 1,000,000;  
Ticker Symbol: GIA  
Managers: Taglich Brothers

### ISTA PHARMACEUTICALS

Location: Irvine, CA  
Business: Pvd eye condition therapeutics  
Filing Date: 07/05/07; Expected Date: Not Avail.; Amount Filed: \$39.1;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144345;  
Shares Filed: 5,250,000;  
Ticker Symbol: ISTA  
Managers: To Be Announced

### KMG CHEMICALS

Location: Houston, TX  
Business: Mnfr,whl specialty chem  
Filing Date: 07/05/07; Expected Date: Not Avail.; Amount Filed: \$27.4;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144349;  
Shares Filed: 1,000,000;  
Ticker Symbol: KMGB  
Managers: To Be Announced

### THE STALLION GROUP

Location: Vancouver, Canada  
Business: Oil and gas exploration,prodn  
Filing Date: 07/05/07; Expected Date: Not Avail.; Amount Filed: \$9.6;  
Security Type: Common Shares;  
S.E.C. Form: S-B2;  
S.E.C. Number: 144361;  
Shares Filed: 14,071,748;  
Ticker Symbol: SLGR  
Managers: To Be Announced

### AKEENA SOLAR

Location: Delta, Canada  
Business: Mnfr solar heating equip  
Filing Date: 07/03/07; Expected Date: Not Avail.; Amount Filed: \$17.4;  
Security Type: Common Shares;  
S.E.C. Form: S-B2;  
S.E.C. Number: 144299;  
Shares Filed: 4,567,270;  
Ticker Symbol: AKNS.O  
Managers: To Be Announced

### BRAND & SERVICES ACQUISITION (IPO)

Location: Fort Lauderdale, CA  
Business: Blank check company  
Filing Date: 07/03/07; Expected Date: To be ann.; Amount Filed: \$160.0;  
Security Type: Common Shares;  
S.E.C. Form: S-1; S.E.C. Number: 144324;  
Stock Price: \$8.00 to \$8.00;  
Shares Filed: 20,000,000;  
Managers: ThinkEquity Partners

### CVD EQUIPMENT

Location: Ronkonkoma, NY  
Business: Mnfr semiconductor equip  
Filing Date: 07/03/07; Expected Date: To be ann.; Amount Filed: \$13.3;  
Security Type: Common Shares;  
S.E.C. Form: S-1; S.E.C. Number: 144336;  
Stock Price: \$5.30 to \$5.30;  
Shares Filed: 2,500,000;  
Ticker Symbol: CVV  
Managers: CE Unterberg Towbin

### EMPIRE PETROLEUM

Location: Tulsa, OK  
Business: Oil and gas exploration,prodn  
Filing Date: 07/03/07; Expected Date: Not Avail.; Amount Filed: \$1.3;  
Security Type: Common Shares;  
S.E.C. Form: S-B2;  
S.E.C. Number: 144321;  
Shares Filed: 12,250,000;  
Ticker Symbol: EMPR  
Managers: To Be Announced

### FIRST COMMUNITY BANCORP

Location: San Diego, CA  
Business: Bank holding company  
Filing Date: 07/03/07;  
Expected Date: Not Avail.; Amount Filed: \$280.5;  
Security Type: Common Shares;  
S.E.C. Form: S-3; S.E.C. Number: 144320;  
Shares Filed: 494,606;  
Ticker Symbol: FCBP  
Managers: To Be Announced

*The above is a list of planned new offerings that have been registered with the SEC in the past month, but have not yet come to market. Deals that have been withdrawn are excluded. The list is broken out into two sections: equity and debt. Initial public offerings are identified by an (IPO) flag. Outstanding shelf registrations are not listed here, but new shelf registrations are listed weekly in this section of the magazine. The listing is sorted by filing date so that the most recent filings appear first. To add or delete listings, or to request corrections in this section, please contact Matthew Toole at (646) 822-7560.*

**DEBT****KENDLE INTERNATIONAL**

Location: Cincinnati, OH  
 Business: Pvd coml physical research svc  
 Filing Date: 07/10/07;  
 Expected Date: 07/10/07;  
 Amount Filed: \$150.0;  
 Security Type: Convertible Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 141475  
 Managers: UBS Investment Bank

**SONOSITE**

Location: Bothell, WA  
 Business: Mnfr diagnostic med equip  
 Filing Date: 07/10/07;  
 Expected Date: 07/10/07;  
 Amount Filed: \$150.0; Security Type: Sen  
 Unsec Cvt; S.E.C. Form: S-3;  
 S.E.C. Number: 143105  
 Managers: JP Morgan

**FRESH DEL MONTE  
PRODUCE (SHELF)**

Location: Coral Gables, FL  
 Business: Produce,retail fresh fruit  
 Filing Date: 07/09/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt Sec, Com;  
 S.E.C. Form: F-3; S.E.C. Number: 144418  
 Managers: To Be Announced

**NGAS RESOURCES (SHELF)**

Location: Lexington, KY  
 Business: Oil and gas exploration,prodn  
 Filing Date: 07/09/07; Expected Date: Not  
 Avail.; Amount Filed: \$100.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144417  
 Managers: To Be Announced

**EDDIE BAUER HOLDINGS**

Location: Redmond, WA  
 Business: Mnfr,ret outerwear,accessories  
 Filing Date: 07/06/07; Expected Date: Not  
 Avail.; Amount Filed: \$75.0;  
 Security Type: Cvt Senior Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 144385  
 Managers: To Be Announced

**ISTA PHARMACEUTICALS  
(SHELF)**

Location: Irvine, CA  
 Business: Pvd eye condition therapeutics  
 Filing Date: 07/05/07; Expected Date: Not  
 Avail.; Amount Filed: \$100.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144344  
 Managers: To Be Announced

**ASBURY AUTOMOTIVE  
GROUP**

Location: New York, NY  
 Business: Own,op auto dealership  
 Filing Date: 07/03/07; Expected Date: Not  
 Avail.; Amount Filed: \$115.0;  
 Security Type: Cvt Subord Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 144342  
 Managers: To Be Announced

**LAZARD GROUP**

Location: New York, NY  
 Business: Investment company  
 Filing Date: 07/03/07; Expected Date: Not  
 Avail.; Amount Filed: \$3.0;  
 Security Type: Debt; S.E.C. Form: S-3;  
 S.E.C. Number: 144331  
 Managers: To Be Announced

**LINEAR TECHNOLOGY**

Location: Milpitas, CA  
 Business: Mnfr integrated circuits  
 Filing Date: 06/29/07; Expected Date: Not  
 Avail.; Amount Filed: \$1,000.0;  
 Security Type: Cvt Senior Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 144193  
 Managers: To Be Announced

**MBIA (SHELF)**

Location: Armonk, NY  
 Business: Pvd invest mgmt svcs  
 Filing Date: 06/29/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144194  
 Managers: To Be Announced

**TBS INTERNATIONAL (SHELF)**

Location: Hamilton, Bermuda  
 Business: Ocean trans serv co  
 Filing Date: 06/29/07; Expected Date: Not  
 Avail.; Amount Filed: \$300.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144206  
 Managers: To Be Announced

**AVIGEN (SHELF)**

Location: Alameda, CA  
 Business: Dvlp gene therapy products  
 Filing Date: 06/28/07; Expected Date: Not  
 Avail.; Amount Filed: \$200.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144153  
 Managers: To Be Announced

**CACI INTERNATIONAL**

Location: Arlington, VA  
 Business: Pvd info tech svcs  
 Filing Date: 06/28/07; Expected Date: Not  
 Avail.; Amount Filed: \$300.0;  
 Security Type: Cvt Sr Sub Nts;  
 S.E.C. Form: S-1; S.E.C. Number: 144127  
 Managers: To Be Announced

**MORGANS HOTEL  
GROUP (SHELF)**

Location: New York, NY  
 Business: Own,op boutique hotels  
 Filing Date: 06/28/07; Expected Date: Not  
 Avail.; Amount Filed: \$500.0;  
 Security Type: Dbt,Pfd,Dep,Com;  
 S.E.C. Form: S-3; S.E.C. Number: 144150  
 Managers: To Be Announced

**NCO GROUP**

Location: Horsham, PA  
 Business: Pvd collection of claims svcs  
 Filing Date: 06/27/07; Expected Date: Not  
 Avail.; Amount Filed: \$200.0;  
 Security Type: Sr Sub tes; S.E.C. Form: S-1;  
 S.E.C. Number: 144068  
 Managers: To Be Announced

**SECURITIZED ASSET BACKED  
RECEIVABLES**

Location: New York, NY  
 Business: Special purpose finance co  
 Filing Date: 06/26/07; Expected Date: Not  
 Avail.; Amount Filed: \$10,000.0;  
 Security Type: Mtg Bkd Certs;  
 S.E.C. Form: S-3; S.E.C. Number: 144049  
 Managers: To Be Announced

**EQUIFAX**

Location: Atlanta, GA  
 Business: Pvd credit info svcs  
 Filing Date: 06/25/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt; S.E.C. Form: S-3;  
 S.E.C. Number: 144009  
 Managers: To Be Announced

**LINEAR TECHNOLOGY**

Location: Milpitas, CA  
 Business: Mnfr integrated circuits  
 Filing Date: 06/25/07; Expected Date: Not  
 Avail.; Amount Filed: \$1,000.0;  
 Security Type: Cvt Senior Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 144012  
 Managers: To Be Announced

**AMERICAN INTERNATIONAL  
GROUP (SHELF)**

Location: New York, NY  
 Business: Insurance holding company  
 Filing Date: 06/22/07; Expected Date: Not  
 Avail.; Amount Filed: \$22,000.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 143992  
 Managers: To Be Announced

**CHATTEM**

Location: Chattanooga, TN  
 Business: Mnfr drugs  
 Filing Date: 06/22/07; Expected Date: Not  
 Avail.; Amount Filed: \$100.0;  
 Security Type: Cvt Senior Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 143986  
 Managers: To Be Announced

**PIONEER**

Location: Houston, TX  
 Business: Mnfr chlorine prod  
 Filing Date: 06/22/07; Expected Date: Not  
 Avail.; Amount Filed: \$120.0;  
 Security Type: Cvt Sr Sub Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 143979  
 Managers: To Be Announced

**ZOLTEK (SHELF)**

Location: St Louis, MO  
 Business: Mnfr carbon,graphite prod  
 Filing Date: 06/22/07; Expected Date: Not  
 Avail.; Amount Filed: \$350.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 143996  
 Managers: To Be Announced

**DIVERSA**

Location: San Diego, CA  
 Business: Pvd research,dvlp svcs  
 Filing Date: 06/20/07; Expected Date: Not  
 Avail.; Amount Filed: \$120.0;  
 Security Type: Cvt Senior Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 143894  
 Managers: To Be Announced

**PACTIV**

Location: Lake Forest, IL  
 Business: Mnfr,whl pkg prod  
 Filing Date: 06/20/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt; S.E.C. Form: S-3;  
 S.E.C. Number: 143895  
 Managers: To Be Announced

**CLINICAL DATA (SHELF)**

Location: Newton, RI  
 Business: Mnfr,whl laboratory equip  
 Filing Date: 06/19/07; Expected Date: Not  
 Avail.; Amount Filed: \$150.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 143883  
 Managers: To Be Announced

**QUEST DIAGNOSTICS**

Location: Lyndhurst, NJ  
 Business: Pvd diagnostic testing svcs  
 Filing Date: 06/19/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt; S.E.C. Form: S-3;  
 S.E.C. Number: 143867  
 Managers: To Be Announced

**UNITED AIR LINES**

Location: Chicago, IL  
 Business: Pvd air transp svcs  
 Filing Date: 06/19/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Pass-Thru Certs;  
 S.E.C. Form: S-3; S.E.C. Number: 143865  
 Managers: To Be Announced

**LTC PROPERTIES (SHELF)**

Location: Westlake Village, CA  
 Business: Real estate investment trust  
 Filing Date: 06/18/07; Expected Date: Not  
 Avail.; Amount Filed: \$300.0;  
 Security Type: Debt, Pfd, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 143826  
 Managers: To Be Announced

**ONYX PHARMACEUTICALS  
(SHELF)**

Location: Emeryville, CA  
 Business: Mnfr cancer treatment products  
 Filing Date: 06/18/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt Sec, Com;  
 S.E.C. Form: S-3; S.E.C. Number: 143825  
 Managers: To Be Announced

**PROGRESSIVE**

Location: Mayfield Village, OH  
 Business: Insurance holding company  
 Filing Date: 06/18/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Senior Debt;  
 S.E.C. Form: S-3; S.E.C. Number: 143824  
 Managers: To Be Announced

**REYNOLDS AMERICAN**

Location: Winston-Salem, NC  
 Business: Produce cigarettes,tobacco  
 Filing Date: 06/18/07; Expected Date: Not  
 Avail.; Amount Filed: \$1.0;  
 Security Type: Debt; S.E.C. Form: S-3;  
 S.E.C. Number: 143827  
 Managers: To Be Announced

**WISCONSIN POWER  
& LIGHT (SHELF)**

Location: Madison, WI  
 Business: Elec,gas,water utility  
 Filing Date: 06/18/07; Expected Date: Not  
 Avail.; Amount Filed: \$300.0;  
 Security Type: Debt Sec, Pfd;  
 S.E.C. Form: S-3; S.E.C. Number: 143831  
 Managers: To Be Announced

**SPSS**

Location: Chicago, IL  
 Business: Dvlp data analysis software  
 Filing Date: 06/15/07; Expected Date: Not  
 Avail.; Amount Filed: \$150.0;  
 Security Type: Cvt Subord Nts;  
 S.E.C. Form: S-3; S.E.C. Number: 143802  
 Managers: To Be Announced

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## SITUATIONS WANTED

**MUNICIPAL PORTFOLIO MANAGER** with over 10 years experience in municipal bond portfolio management, trading, research and analysis. Excellent performance record, market knowledge and risk management skills. A well-rounded team player with exceptional relationship management skills. MBA. NASD Series 3, 7, and 63. **116PM070**

**HEALTH CARE BANKER** Corporate Finance VP with 7 years experience in investment banking, 3 years experience in health care principal investing and last 6 years operating role at a health care information technology company as their business development and finance officer, seeking to return to Wall Street as investment banker or private placement officer with focus on Healthcare. CFA Level III candidate. MBA from MIT and BS from Wharton. **D502B1P5**

**VICE PRESIDENT** 2001 Graduate from Top 3 MBA School, with 10 years experience (United States and Emerging Market) in bulge bracket global investment banks and regional commercial bank seeking ABCP opportunity. Have specific Senior Associate/AVP level experience in ABCP group of large regional commercial bank, liaising with rating agencies, legal counsel, institutional investors, conducting due diligence teams, supervising preparation of marketing materials, building financial models and analyzing pool cut data, managing small group of financial analysts, and executing transactions. Strong work ethic, pleasant team player, strong writing and oral presentation skills. Series 3, 7, 63 and 66. Will require H1B sponsorship but have Canadian Permanent Resident Status. Strong ties to Chicago, but willing to relocate and travel domestically and internationally. **A1017N1P6**

**EXPERIENCED RELATIONSHIP & PORTFOLIO MANAGER/CREDIT ANALYST** My experience at a European bank allowed me to construct and grow an investment credit portfolio to about \$1 billion. The products included relationship committed and bilateral loan facilities, single name credit default swaps, CDO/CLO, convertible bond asset swaps, project finance and distressed restructured debt. My responsibility required me to find relative value opportunities in the credit market in various industries (i.e. financial institutions, oil & gas, consumer products, media and insurance companies etc.), express my views upon complete credit analysis, review and comment on loan/bond documentation and amendments, and trade the product with the leading broker/dealers out there. Given my experience along with my strong credit skills, I believe I would be well suited for any buy-side credit opportunities. **A1012N1P6**

**TAX ATTORNEY** with 20+ years tax-exempt financing experience & some portables providing tax support to law firms acting in the capacity of bond counsel seeks "of counsel" relationship. Tax controversy experience includes defending bond issues under audit, negotiation of closing agreements, requests for private letter rulings. **A306C1P**

**BOND TRADING/MARKETING** Energetic, optimistic, and hard-working professional with over 14 years experience in retail sales, retail/institutional trading, underwriting, regional trading desk supervision, and related compliance activities. Comprehensive knowledge of financial products and markets. Determined to provide positive employer and customer service. MS Office, Bloomberg, and other technology skills. CFP and NASD 7, 24, 53, and 63. **A1008K1P5**

**SALES FORCE DEVELOPMENT/MANAGEMENT** Would you like to increase tax exempt bond sales to institutions, both top tier and middle market? I have a successful history of hiring, training and managing fixed income sales people, with particular experience in identifying and developing relationships with the broad array of accounts in the middle market range. Utilize my skills to develop or augment your municipal sales and revenues. **A701N1P5**

**SENIOR CREDIT ANALYST** Broad investment experience that covers credit analysis, corporate lending, risk evaluation, compliance, loan documentation and marketing for various types of funds. Background includes secured and unsecured debt, public and private placements, investment grade and high yield. Have managed multiple projects using a strong technology orientation and have the demonstrated ability to explain complex issues to internal committees, staff and clients. Work productively with Portfolio Managers, senior management and other analysts. Additional areas of expertise include debt restructuring of troubled credits including working through creditor's cash flow crisis, securitizing and valuing collateral and pledged assets, and working with opposing creditor groups, management and advisers. Portfolio Manager for small cap aggressive stock and balanced (stock and bond) portfolio. Marketing material development includes RFP preparation based on portfolio manager's philosophy and my experience and history in portfolio management. **A228T1P4**

For information on employment advertising in Investment Dealers' Digest or for information on contacting Situations Wanted candidates or placing a Situations Wanted, contact **Horace James** at **212-803-8471** or via email to [horace.james@sourcemediacom](mailto:horace.james@sourcemediacom).

# Credit Suisse Builds Out Financial Institutions Group

Hires include HSBC's Kiratsous, plus other personnel moves

**C**redit Suisse has completed its two-year financial institutions group build-out with recent hires, a bank spokeswoman tells *IDD*. **Stephan Kiratsous** started on July 9 as managing director and co-head of the FIG insurance group for the Americas. He reports to **David Platter**, managing director and head of the Americas FIG, and joins from **HSBC**, where he was head of the insurance banking practice.



Credit Suisse's  
Stephen Kiratsous

**Jeff Lebovitz** and **Jeff Starr** jumped ship from HSBC for Credit Suisse along with Kiratsous. They have joined as vice presidents in the FIG insurance group. All three are based in New York.

Credit Suisse also announced new European FIG appointments. **Charles Schrager** will transfer to the European FIG division as head of asset management coverage on Sept. 3. He is currently an equities department managing director responsible for pan-European sales to hedge funds. Schrager will continue to be based in London and will report to the European FIG co-head, **Ewen Stevenson**.

Schrager will also oversee **Hamish Summerfield**, who was tapped as a director in the European FIG unit. Summerfield comes aboard from **Putnam**

**Lovell**, where he spent six years and helped develop the firm's London-based FIG M&A practice.



**Barclays Capital** poached six professionals from **Credit Suisse** to join its US leveraged finance team. They are all based in Los Angeles.

**Ted Iantuono** comes to Barclays as a managing director and co-head

of US financial sponsor coverage. He will report to managing directors and co-heads of US leveraged finance, **Joe McGrath** and **Rick Van Zijl**. Iantuono, who will supervise the other five hires, was most recently a Credit Suisse managing director and co-head of the bank's Los Angeles investment banking office.

**Joe Bunce** and **Elaine Kao** join as a director and associate, respectively. They held the same positions at Credit Suisse. **Darrick Geant**, formerly a Credit Suisse vice presi-

dent, will be an associate director at Barclays, while **Brian Rapf** and **James Meehan** join as an analyst and associate. Both held the same titles previously.



**Bank of America** expanded its healthcare investment banking M&A team by adding **John Lalis** and **Dimitri Steinberg** as a vice president and managing director, respectively. They both report to BofA's head of healthcare, consumer and retail M&A,

**Michael McIvor**.

Lalis joins BofA from **Seaview Securities**, a life sciences boutique, where he was a vice president and partner. Prior to working at Seaview, he was a banker in **Lehman Brothers'** healthcare group.

Steinberg comes aboard from **HSBC**, where he founded the bank's healthcare investment banking M&A



Credit Suisse's  
Jeff Starr

## Correction:

It was incorrectly reported in last week's edition that **David Landman**, recently hired by **Perella Weinberg Partners**, was poached from **Morgan Stanley**. Landman left Morgan Stanley in January 2006. Additionally, his title at Morgan Stanley was incorrectly reported as COO of the investment banking division. He was COO of the firm's European investment banking division.

practice. He also spent almost 10 years as a banker at **Lazard**.



**JPMorgan** has hired **Rodney Miller** as a managing director within its M&A group. He will be reporting to **Jimmy Elliott**, co-head of global M&A. Miller will focus on clients of the bank's newly created general industries group.

Previously, Miller worked for 20 years at **Credit Suisse**, where he was head of North American M&A, co-head of global energy and head of financial sponsors M&A. Miller will start at JPMorgan in October.



French bank **BNP Paribas** hired **Kimberlee Brody** as a vice president in its strategic equity solutions group, and **Christopher Loudon** as a director in the same unit. They are both based in New York and report to the head of strategic equity solutions, **Janet Kim**.

Brody comes aboard from the financial solutions group at **Barclays Capital** in London, and will focus on convertible origination and strategic equity transactions. Loudon was previously at **Merrill Lynch**, where he spent four years in the equity derivatives and structured products origination. He will concentrate on covering large corporate clients for strategic equity transactions.

BNP also tapped **Dan Glusker** as a director in its fund derivatives business. He is based in New York and reports to the head of fund derivatives marketing, **Thomas Prunty**. Glusker comes to BNP from another



Credit Suisse's Jeff Lebovitz

French bank, **Natixis Capital Markets**, where he was a structured fund products director since 2005. Before Natixis, Glusker was co-head of fund structured products at **Wachovia Securities**.

In addition, BNP's real estate subsidiary, **Atisreal**, appointed **Arnaud**

**Sournia** as head of Atisreal North America. He is based in New York and will report to **Greg Cooke**, chairman of Atisreal UK. Sournia has worked for Atisreal for 13 years and in his new role he will work with US companies that want to expand into Europe.



**Societe Generale Corporate & Investment Banking** appointed **Mark Kaplan** as chief administrative officer for the Americas. Kaplan was formerly the firm's general counsel and chief legal officer for the Americas and is still based in New York. He reports to the global chief administrative officer, **Jean-Pierre Lesage**, and the chief executive officer of SG Americas, **Jean-Jacques Ogier**.

Kaplan will retain his previous titles until a replacement is found. Before joining SocGen in 2001, he was general counsel at **CIBC World Markets**.



**GE Commercial Finance Corporate Lending** tapped **David Gozdecki** as a managing director in its restructuring finance practice. Gozdecki will be based in Chicago and focus on midsize and larger companies in the Midwest US and Canada. He was most recently in charge of **LaSalle Business Credit's** national restructuring group.



**Cowen Group** hired **David Ketsdever** as its San Francisco-based head of technology investment banking. Ketsdever, who also becomes a member of Cowen's investment banking operating committee, reports to **Don Meltzer**, head of investment banking.

Ketsdever comes aboard from a technology advisory firm, **SVB Alliant**, where he was president. Earlier in his career, he oversaw and built the global software banking practice at **Merrill Lynch**.



**Bear Stearns** hired **Francisco Chevez** as a managing director in equity emerging markets research covering retail and consumer products companies. He will be based in New York and report to **Rowe Michels**, director of emerging markets research.

Before joining Bear, Chevez was president of **Sofrana Advisory Services**, a corporate finance advisor to Latin American companies. Earlier in his career, he covered consumer products as a senior equity research analyst at **Salomon Smith Barney**.

Chevez also was a senior equity research analyst at **Grupo Bursatil Mexicano** in Mexico.



**Trenwith Group** tapped **Gordon Treco** as a managing director at Trenwith Securities, its investment-banking arm. Treco focuses on M&A and corporate finance transactions for middle-market companies and is based in Washington, DC. He was previously a senior vice president at **Friedman Billings Ramsey** and prior to that spent more than 15 years at **Citigroup**.



**Headwaters MB**, a middle-market investment bank based in Denver, added **Chris Battel** as a managing director. Prior to joining Headwaters, Battel was co-founder and managing director of **Legacy Securities** and an investment banker at **Morgan Keegan**. He is based in Headwaters' Atlanta office.



**Arsenal Capital Partners**, a private equity firm focused on middle-market healthcare and specialty industrial companies, promoted **Joelle Marquis** to principal from executive vice president. Marquis joined New York-based Arsenal in 2003 from **Baltimore Technologies** and serves on the boards of Arsenal portfolio companies such as **Source Refrigeration** and **Tally Genicom**.



**Genstar Capital**, a San Francisco-based private equity firm with \$2.5 billion under management, appointed **George Shaheen** to its strategic advisory board. Shaheen was chief executive officer of **Siebel Systems** from April 2005 to January 2006, and chief executive officer and global managing partner of **Andersen Consulting** (now **Accenture**) from 1989 to 1999.



**Shearman & Sterling LLP** says it hired **Pierre-Nicolas Ferrand** as a partner in its European finance group in Paris. Ferrand was previously a partner at **Jones Day**.

Ferrand focuses on banking and structured finance, as well as debt restructuring and insolvency related matters for French and international financial institutions and investors. He is a member of the **French Institute of Bankruptcy Practitioners**.



Advisory firm **FTI Consulting** announced the hire of **James Gouin**, a former **Ford Motor** executive, as a senior managing director in its corporate finance group. Gouin will be based in Detroit where he will serve as senior advisor to automotive industry clients.

Gouin was for 20 years a senior manager at Ford. His most recent positions were vice president, CFO, strategy and business development, inter-

national operations where he focused on growth in China, Asia, Australia and South Africa. Gouin also served as vice president and chief accounting officers for Ford's global operations.

Recently, FTI Consulting announced the opening of its Detroit office which is aimed at attracting automotive clients.



**D.E. Shaw**, an asset management firm that runs \$25 billion, formally introduced a group that will make private equity investments in distressed companies, back corporate turnarounds and look at investments opportunities that come about from corporate bankruptcies.



GE Commercial Finance  
Corporate Lending's  
David Gozdecki

The group will be run by **David Lyon** who joined D.E. Shaw in April, and **Patrick Collins**, who joined the firm in November. Previously, Collins was global head of special situations and distressed investments at **Mizuho International** in London. Lyon, meanwhile, comes from **The Cypress Group**, a New York private equity firm, where he was a managing director.

Earlier this year, **Lehman Brothers** bought a 20% interest in D.E. Shaw, which bills itself as a global investment and technology development firm.



International law firm **Linklaters** added **Giovanni Pedersoli** and **Claudia Parzani** as Milan-based partners to its Italian practice. Pedersoli comes from **Pedersoli e Associati**, where he focused on cross-border M&A. Parzani was previously employed at **Camozzi Bonisoli Varrenti e Associati** where he specialized in IPOs, secondary offerings, private placements and other securities transactions.



**FBR Capital Markets** said **W. Mac Jensen** and **Julien Smythe** have joined the firm's energy & natural resources investment banking group as Managing Directors. The two will be based in FBR Capital Markets' Houston office.

Jensen has more than 20 years of experience in capital formation and mergers and acquisitions for the energy industry as an investment banker and principal. Prior to joining FBR Capital Markets, he initiated, as a principal, the acquisition and served as an officer of oil and gas company **Belden & Blake**. Smythe practiced as a securities and M&A lawyer in all facets of the energy industry for more than 15 years. For the last 13 years, Smythe was at **Akin Gump Strauss Hauer & Feld**, where he was a partner in the firm's Houston office.

Meanwhile, FBR Capital Markets said senior vice president **Kevin Book** has joined the firm's energy and natural resources research group and that two other members of that team, **Eitan Bernstein** and **Andrew Coleman**, were named vice presidents.



**Barclays Capital**, the investment banking division of **Barclays PLC**, hired **Aaron Tan** as Managing Director and head of Hong Kong coverage, responsible for developing the firm's Hong Kong investment banking business.

Tan has 23 years experience in the banking industry in Hong Kong, having worked for **HSBC**, **Citibank** and **JP-Morgan**. He joins Barclays Capital from **Calyon Securities**, where he was head of debt capital markets for Asia Pacific. He will report to **Chris Hui**, Managing Director and head of China and Hong Kong investment banking.

If you are interested in submitting personnel moves for possible publication, please email: [personnel@iddmagazine.com](mailto:personnel@iddmagazine.com)