

# ORANGE COUNTY BUSINESS JOURNAL

## Rap, Togas, Micro Stocks

Roth Conference Mixed Investor Presentations With After-Hours Parties

■ By KATIE WEEKS

Last month's annual Roth Capital Partners Conference in Laguna Niguel played out pretty much as you'd expect: Executives in suits whisking through a crowded exhibit hall; analysts crouched on cell phones in any quiet corner they could snatch; and crowded panels and presentations.

But one item on the agenda at the investment bank's conference was less than typical.

It was ludicrous—er, Ludacris.

Literally, Roth Capital Partners LLC of Newport Beach flew in rapper Ludacris for a private concert for attendees to, as the program said, "Shake Your Money Maker at Moulin Roth," a play on "Moulin Rouge."

And under a giant white tent in Laguna Niguel, the executives shook.

Ted Roth, managing director of Roth Capital, said it's not the first time the investment bank has corralled a major act for attendees, typically investors, executives and analysts.

This year, more than 2,000 people attended the conference, which, like Roth Capital, is focused only on small capitalization stocks.

In past years, Roth hosted the Black Eyed Peas and Sugar Ray.

"People come in from places like New York," he said. "So we provide entertainment for them."

Depending upon whom you ask, attendees themselves were just as entertaining.

"I heard it was worth seeing all the CEOs clapping their hands to R&B music," said Jeff Krstich, chief executive of Los Angeles-based International Stem Cell Corp., which has a research office in Oceanside.

While Ludacris was on the ticket for one night, the next evening's festivities held true to frat-style with, as the program read, "Toga! Toga! Toga! With Otis Day & the Nights," the fictional-turned-actual band based on the cult 1978 comedy movie "Animal House."

On the serious side, Roth Capital offers



Roth attendees: 2,000 in all

investment banking services, including money raising, company research, stock trading and merger and acquisition advice.

This year's conference had a China tie, featuring more than 40 companies already trading in China or with plans to do so, Roth said. Roth Capital opened an office in China six months ago.

A handful of Orange County companies took part in the conference.

Bigger names included Newport Beach-based chipmaker Conexant Systems Inc., Foothill Ranch-based Oakley Inc., Huntington Beach-based BJ's Restaurants Inc., Foothill Ranch-based retailer Wet Seal Inc. and Santa Ana-based Fuel Systems Solutions Inc., a maker of alternative fuel engine parts.

The average market capitalization of pre-

senting companies was \$360 million with some less than \$100 million.

Roth Capital traces its roots to a company formerly called Cruttenden & Co., which was founded in 1984. Founder Walter Cruttenden now runs the Newport Beach-based Binary Research Institute, which researches the theory that the sun is part of a binary star system.

In 1992, current Chief Executive Byron Roth entered the picture and turned the company's focus away from debt transactions, according to Ted Roth, Byron's brother.

"Byron has the Wall Street experience," Ted Roth said. "He really was instrumental in changing the company through the years."

Another brother, Gordon Roth, who headed a 30-person accounting firm that focused on emerging companies in Iowa, where the brothers were raised, is chief financial officer and chief operating officer.

Duane Roth, another brother, is chief executive officer of Connect, a San Diego technology and life sciences trade group that focuses on partnering investors with entrepreneurs.

Duane Roth also is chief executive of San Diego biotechnology company Alliance Pharmaceutical Corp. Ted Roth is the former president and chief operating officer of Alliance, which underwent significant layoffs after a failed clinical trial several years ago.

Roth Capital's conference has doubled in attendance in the past five years, said Rusty Hoss, director of research at the investment bank. It has become one of the largest for small cap conferences in the country.

"The people who are (attending) are the institutional investors who are looking for small cap opportunities," Ted Roth said. "People are looking for undiscovered growth opportunities—ones that are not the ones that the big Wall Street banks are working with. That's our only focus, whether it's to help increase liquidity or gain funding."

*Weeks is a staff writer with the San Diego Business Journal.*