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ROTH sees Surge with China, Wall St. Jump

■ By MURRAY COLEMAN

Newport Beach's Roth Capital Partners LLC, the county's largest homegrown investment bank, has worked on \$250 million worth of deals so far in 2010, or nearly three times what it did a year earlier, its managers said.

The business comes on the heels of a record second half of 2009, said Byron Roth, chief executive of Roth Capital.

"Last year at this time, it looked pretty dismal," he said. "But in the past seven or eight months, activity has really picked up. In fact, this has probably been as good of a seven-month period as I can remember."

Most of the company's deals so far this year involve stock sales by a mix of U.S. and Chinese companies looking to raise money from around the world.

The biggest so far was a \$60 million offering for Fushi Copperweld Inc., according to Aaron Gurewitz, Roth Capital's head of equity capital markets.

The maker of copper-clad wiring sold stock to pay off debt. Its shares trade on Nasdaq with a recent market value of nearly \$270 million.

Roth Capital was the deal's co-lead manager. New York-based Rodman & Renshaw Capital Group Inc. served as co-manager. New York-based Jefferies & Co. acted as sole book-running manager for the offering.

The investment bank has found a niche with Chinese companies seeking to raise money here as its onetime bread and butter stock sales for smaller Southern California companies fell off in the past few years.

"In 2009, China was a driver for the firm's growth," Roth said. "It represented about half of the nearly \$1.9 billion in capital our firm raised last year."

So far this year, Roth Capital has worked on 10 secondary offerings, one initial public offering and a private investment in public equity offering, which allows public companies to sell shares without the cost of doing a formal secondary offering.

A year ago, Roth Capital had brokered three deals worth about \$65 million, according to Roth.

Most of 2009's 40 deals for Roth Capital came in the third and fourth quarters, he said.

The company's biggest deals in 2009 were designed to help companies repay debt, Roth said. Those included a \$137 million August offering by Canada's Imax Corp. and \$115 million for China's Harbin Electric Inc., also in August.

The global rally in stock prices that started in March 2009 has spurred demand for initial public offerings and other forms of raising money, according to Roth.

"In the past six months, we've seen a lot more investors expressing interest in businesses with increased access to equity and making more efforts to pay down debt," he said.

As an underwriter, Roth Capital buys a client company's stock and resells the shares to mutual funds and hedge funds.

The investment bank also organizes

"road shows" to pitch a company's story to potential institutional investors.

Roth Capital, as a small player in the global investment banking market, targets small to midsize companies.

It's been looking to expand.

In December, Roth Capital recruited five executives from San Francisco-based Merriman Curhan Ford Group Inc. to start a healthcare investment banking team.

The team has done eight deals worth \$106 million so far this year, according to John Chambers, who is heading up the unit and is a former Merriman Curhan Ford executive.

"We've done a variety of transactions, everything from underwriting to private equity placements," he said.

Roth Capital got its start as Cruttenden & Co., which was founded in 1984. About 110 of the company's 158 employees are in Newport Beach, according to Gurewitz.

The company also runs an institutional brokerage arm and a research unit.

In the past year, Roth Capital has hired six people for its 36-member research team, covering companies such as Foothill Ranch-based Wet Seal Inc. and Aliso Viejo's Clariant Inc.

"We're in the hiring phase and will be adding more analysts," said Mark Tobin, the company's research director. *Coleman is a staff writer with the Orange County Business Journal.*