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Roth Summit: Deals By Day, Rappers at Night

By KATIE WEEKS

San Diego Business Journal Staff

The 19th annual Roth Capital Partners Conference played out pretty much as one would expect — executives in suits whisking through a crowded exhibit hall chattering about multimillion-dollar deals; analysts crouched on cell phones in any quiet corner they can snatch; and standing-room-only panels and presentations.

But one item on the agenda at the investment bank's small cap conference last week in Orange County was less than typical.

It was ludicrous — er, Ludacris. Literally, Roth Capital Partners, based in Newport Beach with offices in San Diego, flew in the rapper known as Ludacris for a private concert for attendees to, as the program said, "Shake Your Money Maker at Moulin Roth."

And under a giant white tent in Laguna Niguel, the CEOs did shake.

Ted Roth, managing director of Roth Capital Partners and San Diego resident, said it's not the first time the investment bank has corralled major acts for its attendees, typically investors, executives and analysts. This year, more than 2,000 people attended the conference, which, like Roth Capital Partners, is focused only on small cap companies.

In past years, Roth said, they've hosted the Black Eyed Peas and Sugar Ray.

"People come in from places like New York City," he said. "There's not a whole lot to do in Orange County or Newport Beach, so we provide entertainment for them."

Time To Party

Depending upon whom you ask, that may not have been Ludacris.

"I heard it was worth seeing all the CEOs clapping their hands to R&B music," said Jeff Krstich, chief executive officer of International Stem Cell Corp., which has an office in Oceanside. Krstich said he had prior commitments and could not attend the concert, but that he "heard it was well attended and enjoyed."

He added that he has been to perhaps just one other investment bank conference that hosted a live concert. Others, he said, have held stand-up comedy shows in the evening or cocktail hours.

While Ludacris was on the ticket for Tuesday evening, Wednesday night'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.”

But while the Roth conference is increasing the musical exposure of some of its attendees, it focuses much more heavily on developing underappreciated companies.
Financial Services

On the serious side, Roth offers investment banking services, including raising capital, research coverage, creating liquidity, trading and market making, merger and acquisition advisory services and sales support.

The firm is forging where the business is emerging — or perhaps vice versa.

This year’s conference featured more than 40 companies either already trading publicly in China or with plans to do so, Roth said. Roth Capital opened an office in China six months ago.

A dozen of the 300-plus presenting companies were from San Diego. Industries represented included health care, technology, financial services and consumer goods.

The average market capitalization of presenting companies was \$360 million, though some focus was also on companies under the \$100 million market cap.

Roth Capital Partners surfaced from a company formerly called Cruttenden & Co., which was founded in 1984. In 1992, Ted’s brother Byron Roth, who today serves as CEO, entered the picture and turned the company’s focus away from debt transactions, Ted Roth said.

“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.

Perhaps more often in the public eye in San Diego is yet another brother, Duane Roth, chief executive officer of Connect, a high-technology and life sciences trade group that focuses on partnering investors with entrepreneurs. Duane Roth, who is also CEO of Alliance Pharmaceutical Corp., which is testing a blood substitute in Europe, is not an officer at Roth Capital Partners. Ted Roth is the former president and COO of Alliance, which underwent significant layoffs after a failed clinical trial several years ago and now trades on the Over the Counter Bulletin Board.

Roth Capital Partners has six employees in San Diego and 150 worldwide.

Major Event

The conference has probably doubled in attendance in the last five years, said Rusty Hoss, director of research at Roth Capital Partners. It has become one of the largest for micro-cap conferences in the country.

Roth Capital Partners has completed more than 325 public transactions raising \$8 billion.

“The people that are (at the conference) are the institutional investors that 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.”