

A few minutes with **Cameron Smith**

Don Stowers, *Editor, OGFJ*

EDITOR'S NOTE: Rodman & Renshaw Capital Group acquired one of the best-known private boutique investment banks in the energy industry in May. COSCO Capital Management co-founder Cameron Smith recently discussed the acquisition with OGFJ.

OIL & GAS FINANCIAL JOURNAL: In announcing COSCO's acquisition by Rodman & Renshaw and the creation of The Rodman Energy Group, you said the new entity will create in the public space what COSCO's investment and private practice has accomplished in the private sector. Can you elaborate on this?

CAMERON SMITH: Sure. As COSCO has been No. 1 in terms of private placement for private energy companies, Rodman has been No. 1 for private placement for public companies, although not in the energy space. Our goal is simply to provide them fundamentally sound public energy companies that are looking to raise capital through private placements from buyers of public stocks. With Rodman, we now have the capacity to market those issues.

OGFJ: Is COSCO's major contribution to Rodman your firm's significant expertise in oil and gas?

SMITH: Yes. Rodman definitely has gained expertise in energy. Our expectation is that our new entity will quickly become one of the largest firms bringing private placement of public capital into the energy area.

OGFJ: Has the credit crunch had an impact on your business?

SMITH: I've seen very little effect on the energy industry except at the larger level of public issuance of debt. Most of the capital for the private sector comes out of private equity. Those are long-term, closed-in funds that are totally unaffected by the credit crunch. Rodman has had its stock caught in the backwash of the entire reduction in value of the financial services business. Fortunately, Rodman raised capital opportunistically last October and that capital is now available to them to do things during this downturn. They are putting that capital in place and have every expectation it will be rewarded whenever the market recovers. They are going through an extremely well-planned growth program during a period in which almost all the other Wall Street firms are adjusting.



Cameron Smith

OGFJ: Will The Rodman Energy Group focus mainly on North American oil and gas companies or will you look increasingly towards companies operating globally?

SMITH: Our focus on North America will not diminish, but we will expand – and are expanding – to encompass Asia and Australia, the Middle East, and Eastern Europe. We'll also expand in the midstream and downstream sectors, where we've been less active before.

OGFJ: What, if anything, do you have planned involving alternative energy?

SMITH: Rodman has some expertise in the midstream and alternative energy space, and we intend to build on this. We are now working on things such as pipeline construction, ethanol plant construction, and the sale and financing of a commercial gas outlet business. There's a wind project financing going on right now, as well as a photovoltaic project financing.

OGFJ: Getting back to oil and gas, where do you see the greatest opportunities? Oil shale, perhaps?

SMITH: Oil shale is a very political question, and the winds seem to be blowing towards making that a more viable option. I happen to think it's a very exciting possibility. Most of the deposits are well known. Most of the technologies were established in the '80s and will have to go through a, pardon the pun, trial by fire. One or more of these technologies will prove up, and several will demonstrate that they're not feasible.

OGFJ: Do you see ample opportunities for start-up companies, provided they are well funded and have experienced management teams, to succeed in the current economic environment?

SMITH: Yes. The last eight or nine years have been terrific, and I don't see that changing so long as the next Congress does not significantly alter the regulatory landscape. Although there are fears of an excess profits tax, I'm mainly concerned that a Democratic Congress might cease issuing further permits for drilling in the Rocky Mountains or cease any further lease sales in the Gulf of Mexico.

In the last couple of months, as retail fuel prices have soared, we've seen public opinion shift in favor of additional offshore drilling. There's a certain logic to it. There are a billion proven barrels of oil equivalent off Santa Barbara alone. **OGFJ**

For further detail on The Rodman Energy Group, its Services and Track Record, please visit www.rodman.com

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