

Rodman & Renshaw buys assets of COSCO Capital Management

Transaction creates The Rodman Energy Group, which will focus on the oil and gas sector, initially in the United States and Canada, but with an eye towards international expansion.

Don Stowers, *Editor, OGFJ*

Rodman & Renshaw Capital Group Inc. has acquired one of the best-known private boutique investment banks in the energy industry, COSCO Capital Management LLC for cash and stock consideration of \$10.1 million, up to an additional \$4 million in dedicated revenues, plus various incentive earn-outs. At the close of the transaction, Rodman will create The Rodman Energy Group, which is expected to create in the public sector at least the equivalent of COSCO's current investment advisory and finance practice for private energy companies and funds.

Under terms of the transaction, \$8.1 million is payable to COSCO at closing and \$2 million will be paid over the next two years. In addition, Rodman will pay up to \$4 million over the 21-month period following closing for pending revenue earned but not yet received. The \$4 million does not include certain performance earn-out incentives for the group.

COSCO, founded in 1992, was the subject of a cover story ("Helping Producers Grow Through Private Financings") in the March 2007 issue of *Oil & Gas Financial Journal*. At that time, the company had arranged for more than \$1.3 billion in private equity and debt financings since 2000, as well as \$500 million in acquisitions and divestitures. Headquartered in New York City, COSCO had, and The Rodman Energy Group will continue to have, branch offices in Houston; Hartford, Conn.; and Calgary, Alberta.

Contacted in his New York office by OGFJ shortly after the transaction was announced, Cameron O. Smith, COSCO's founder and senior managing director, said, "It's always bittersweet when you monetize something you've nurtured for over a decade and a half, but Rodman's capabilities will allow us to grow exponentially and achieve performance

objectives we could not have imagined previously."

He continued, "Although we have traditionally focused on private energy companies and projects in the US and Canada, Rodman's reach extends to public markets throughout the world. This deal expands our capacity to serve the needs of public companies, not only in the US and Canada, but also on exchanges in Europe, India, and the Far East, for example."

The Rodman Energy Group will be led by Smith and will include COSCO's other principals, all experienced oil and gas sector investment banking professionals, including William E. (Bill) Weidner, a COSCO managing director who has directed private equity and debt placements for the firm, and Lane W. McKay, a COSCO managing director who serves as CEO and is a director of the firm's Canadian operation, based in Calgary. T. Prescott (Scott) Kessey, a COSCO principal since 2001, will become a managing director of Rodman and continue to head up the company's Houston office.

Michael Lacovara, CEO of Rodman & Renshaw, commented, "I am delighted to bring Cameron Smith and his COSCO colleagues to Rodman in a transaction that joins Rodman's leadership in the PIPE transaction market with COSCO's decades of experience in the energy sector and expertise in private finance to oil and gas and other energy companies."

He added, "This acquisition in energy finance, much like last month's acquisition of Miller Mathis in steel and resources, continues the execution of our strategy to strengthen and broaden our franchise. We are expanding geographically to be closer to our clients, and we are adding expertise in select verticals whose growth prospects and capital intensity play to our unique public and private financing capabilities."

Rodman & Renshaw Capital Group, listed on the NASDAQ stock exchange (RODM), is a holding company with

"I am delighted to bring Cameron Smith and his COSCO colleagues to Rodman in a transaction that joins Rodman's leadership in the PIPE transaction market with COSCO's decades of experience in the energy sector and expertise in private finance to oil and gas and other energy companies." – Michael Lacovara, CEO, Rodman & Renshaw Capital Group





“It’s always bittersweet when you monetize something you’ve nurtured for over a decade and a half, but Rodman’s capabilities will allow us to grow exponentially and achieve performance objectives we could not have imagined previously.” – Cameron O. Smith, COSCO founder and senior managing director

a number of direct and indirect subsidiaries, including Rodman & Renshaw LLC, Rodman Principal Investments LLC, and Miller Mathis & Co. LLC.

Rodman & Renshaw LLC is a full-service investment bank that provides investment banking services to companies that have recurring capital needs due to their growth and development strategies. Rodman also provides research and sales and trading services to institutional investor clients that focus on such companies.

Since 2003, Rodman has been one of the major investment banks to the biotechnology sector, a capital intensive market segment like oil and gas, and is a leader in the PIPE (private investment in public equity) and RD (registered direct placements) transaction markets.

Although Rodman has previously completed investment banking transactions for companies in the energy sector, the COSCO acquisition will allow the bank to participate more fully in this high-growth market segment.

“We are excited to bring our proven energy practice to Rodman,” said COSCO’s Smith. “In addition to benefiting our current and future private clients through expanded monetization capacity and general access to private capital at hedge funds and other institutional wealth managers, we see significant near-term growth potential through the ability to offer Rodman’s world-class PIPE capabilities to our host of friends who manage public energy companies worldwide. The merger of our firms also enhances materially COSCO’s initiatives in energy secondaries and direct investments. We could not have sought a more perfect union in terms of culture, complementary skills, and future potential.” **OGJ**



From left to right: Emilie Carlsson, William Weidner, Scott Kessey, Cameron Smith, Reva White, James Masters, Lane McKay.

The Rodman Energy Group

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

Cameron O. Smith	New York NY	212-430-1792	cos@rodman.com
William E. Weidner	Simsbury CT	860-658-6700	wew@rodman.com
Lane W. McKay	Calgary AB	403-237-9462	lwm@rodman.com
T. P. (Scott) Kessey	Houston TX	713-654-8080	tpk@rodman.com