

RODMAN & RENSHAW CAPITAL GROUP, INC.  
Form 10-Q  
May 13, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2011

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

001-33737  
(Commission File Number)

**RODMAN & RENSHAW CAPITAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of Incorporation  
Or Organization)

84-1374481  
(I.R.S. Employer Identification No.)

1251 Avenue of the Americas  
New York, New York 10020

(Address of principal executive offices)

Registrant's telephone number: (212) 356-0500

**(Former Name, Former Address and Former Fiscal Year, if Changes Since Last Report)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months

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(or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 2, 2011, there were 35,402,699 shares of the registrant's common stock outstanding.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect the current view about future events and financial performance based on certain assumptions. They include opinions, forecasts, projections, assumptions, guidance, expectations, beliefs or other statements that are not statements of historical fact. In some cases, forward-looking statements can be identified by words such as may, can, will, should, could, expects, hopes, believes, anticipates, estimates, predicts, projects, potential, intends, approximates or the negative or other variation of such terms and other combinations of such words and other expressions. Forward-looking statements in this report may include statements about:

- future financial and operating results, including projections of revenues, income, expenditures, cash balances and other financial items;
- our capital requirements and the need for additional financing;
- our ability to secure new client engagements;
- our ability to successfully consummate financing and merger and acquisition transactions on behalf of our clients;
- our ability to execute our growth, expansion and acquisition strategies;
- the outcome of various regulatory and legal proceedings in which we are currently involved;
- the performance of any of our financial products and their potential to generate revenues;
- development of new financial products;
- current and future economic and political conditions;
- overall industry and market performance and trends;
- competition;
- management's goals and plans for future operations;
- the impact of increased regulatory scrutiny on future operations;
- the revenue and profit volatility stemming from our operations;
- the performance of service providers upon which our operations rely;
- the additional risks and uncertainties stemming from entry into new businesses;
- our ability to protect our intellectual property rights and secure the right to use other intellectual property that we deem to be essential to the conduct of our business;
- the impact of expanded corporate governance on the number of available business opportunities;
- the impact of legal liability on future operations;
- the impact of employee misconduct on future operations;
- the increased risk of financial liability and reputational harm resulting from adverse regulatory action;
- the impact of the Investment Company Act of 1940 on future operations; and
- other assumptions described in this prospectus underlying or relating to any forward-looking statements.

The forward-looking statements in this report are only predictions. Actual results could, and likely will, differ materially from these forward-looking statements for many reasons, including the risks described under Risk Factors and elsewhere in this report. No guarantee about future results, performance or achievements can be made. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

PART I  
FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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## RODMAN &amp; RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Condition as of March 31, 2011 (Unaudited) and December 31, 2010  
Dollars in Thousands, Except Per Share Amounts

	March 31, 2011	December 31, 2010
<b>Assets</b>		
Cash and cash equivalents:		
Unrestricted	\$ 15,845	\$ 13,350
Restricted	1,449	1,448
Total cash and cash equivalents	17,294	14,798
Financial instruments owned, at fair value:		
Corporate equity securities	4,889	7,497
Merchant banking investments	10,866	10,557
Warrants	11,613	15,570
Notes	2,531	2,197
Investments in shell companies	1,654	1,654
Other investments	418	505
Total financial instruments owned, at fair value	31,971	37,980
Private placement and other fees receivable	3,827	3,598
Receivable from brokers, dealers & clearing agencies	544	7,706
Prepaid expenses	2,462	2,549
Property and equipment, net	3,160	3,263
Deferred tax asset	8,388	6,801
Other assets	1,062	3,807
Goodwill and other intangible assets, net	515	601
<b>Total Assets</b>	<b>\$ 69,223</b>	<b>\$ 81,103</b>
<b>Liabilities and Stockholders Equity</b>		
Accrued compensation payable	\$ 11,131	\$ 19,287
Accounts payable and accrued expenses	5,314	4,947
Acquisitions related payables	564	690
Financial instruments sold, not yet purchased, at fair value	5	3,918
<b>Total Liabilities</b>	<b>17,014</b>	<b>28,842</b>
Commitments and contingencies (See Note 5)		
<b>Stockholders Equity</b>		
Common stock, \$0.001, par value; 100,000,000 shares authorized; 33,117,498 and 33,484,098 issued as of March 31, 2011 and December 31, 2010, respectively	33	33
Preferred stock, \$0.001 par value; 1,000,000 authorized; none issued		
Additional paid-in capital	69,655	69,654
Treasury stock, 60,000 shares in 2011, 97,500 shares in 2010	(127)	(260)
Accumulated deficit	(17,352)	(17,166)
Total common stockholders equity	52,209	52,261
Non-controlling interest		

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<b>Total Stockholders Equity</b>	52,209	52,261
<b>Total Liabilities and Stockholders Equity</b>	\$ 69,223	\$ 81,103

The accompanying notes are an integral part of these consolidated financial statements.



## RODMAN &amp; RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

**Consolidated Statements of Operations for the  
Three Month Periods Ended March 31, 2011 and 2010 (Unaudited)  
Amounts in Thousands, Except Per Share Amounts**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>		
Investment banking	\$ 27,471	\$ 29,268
Merchant banking	566	177
Commissions	1,162	1,014
Conference fees	446	
Principal transactions	(2,315)	(2,810)
Interest and other income	15	78
	<u>27,345</u>	<u>27,727</u>
<b>Operating expenses:</b>		
Compensation and benefits	17,863	13,496
Conference expense	2,907	3,117
Professional and consulting	1,574	1,561
Occupancy and equipment rentals	773	768
Advertising and marketing	307	652
Communication and market research	914	761
Depreciation and amortization	397	520
Business development	1,299	995
Office supplies	161	208
Bad debt expense	37	485
Hudson acquisition related expense	418	
Other	984	837
	<u>27,634</u>	<u>23,400</u>
Operating income (loss)	(289)	4,327
Income tax expense (benefit)	(103)	2,233
	<u>(186)</u>	<u>2,094</u>
Net income (loss)	\$ (186)	2,094
<b>Net income (loss) per common share:</b>		
Basic	\$ (0.01)	0.06
Diluted	\$ (0.01)	0.06
<b>Weighted average common shares outstanding:</b>		
Basic	35,208	36,149
Diluted	35,208	37,818

The accompanying notes are an integral part of these consolidated financial statements.



## RODMAN &amp; RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

**Consolidated Statement of Changes in Stockholders' Equity and Comprehensive Loss for the  
Three Month Period Ended March 31, 2011 (Unaudited) and the Year Ended December 31, 2010  
Dollars in Thousands**

	<b>Three Months Ended March 31, 2011</b>	<b>Year Ended December 31, 2010</b>
<b>Common stock:</b>		
Balance, beginning of the period	\$ 33	36
Treasury stock retirement		(3)
Balance, end of the period	\$ 33	33
<b>Additional paid-in-capital:</b>		
Balance, beginning of the period	\$ 69,654	75,989
Stock based compensation	851	(73)
Treasury stock retirement	(769)	(6,031)
Other	(81)	(231)
Balance, end of the period	\$ 69,655	69,654
<b>Accumulated deficit:</b>		
Balance, beginning of the period	\$ (17,166)	(11,609)
Net loss	(186)	(5,557)
Balance, end of the period	\$ (17,352)	(17,166)
<b>Treasury stock, at cost:</b>		
Balance, beginning of the period	\$ (260)	(1,034)
Treasury stock purchases	(636)	(5,260)
Treasury stock retirement	769	6,034
Balance, end of the period	\$ (127)	(260)
<b>Non-controlling interest:</b>		
Balance, beginning of the period	\$	12,059
Deconsolidation of Aceras BioMedical		(12,059)
Balance, end of the period	\$	
<b>Total stockholders' equity</b>	\$ 52,209	52,261