

Capital Sources

Investment veterans return to their roots

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By: Wayne Tompkins

James Cassel quips that he'll know by the end of the year whether this is a good time to launch a boutique investment bank.

"You know, if business comes in it's going to be a great time. If it doesn't it was a terrible time," said the chairman of Cassel Salpeter & Co. "In six months, I'll tell you, because then I'll be smart as to what I should have done today."

Formed by Cassel, president Scott Salpeter and three other recently departed Ladenburg Thalmann veterans, the company is moving into office space at 801 Brickell Ave. and will focus on middle-market, public and privately held companies.

"Even in bad times, if you look through the last two years in the investment banking business, there has been business out there," Cassel said. "Businesses always need capital, they always need advice, sometimes they seek it, sometimes they don't, sometimes they seek it too late."

During the recession, he said, "The major firms raising money to bail out all the banks — they made a lot of money on that. Restructuring balance sheets, people have been fairly successful in doing that. I think it's an interesting time, there's a great opportunity out there to fulfill our niche."

For longtime South Florida financial hands, there's an element of déjà vu in this latest venture. Cassel and Salpeter, along with Barry Steiner, started the investment bank Capitalink 12 years ago.

"[Cassel] is a real veteran of the investment community down here," said Carlos Deupi, a Hogan & Hartson corporate attorney. "He comes from legal circles, with Broad and Cassel [where he was managing partner], so I think that's a good pedigree. He's not exactly a start-up. He's a well-known name in town."

Ladenburg acquired Capitalink in 2006.

"We had a great run for a little over eight years and had the opportunity to join Ladenburg when they made a conscious decision to relocate a significant part of their operation to South Florida and help build a bigger firm," Cassel said.

After three and a half years running investment banking for a large organization, however, he missed being in charge.

"When you're running a group of that nature with a firm of that size, it's different from running a more entrepreneurial organization where the management time is substantially less than the time for deal execution. And frankly, I think the fun of the investment banking business, doing deals, takes a back seat," Cassel said. "As we came to the end of last year, I made a decision that I didn't want to remain in the bigger shop and I really wanted to go back to what I view as my entrepreneurial roots."

After leaving Ladenburg in December, Cassel considered options out of state, but ultimately decided to stay in South Florida, where his family's roots go back nearly a century, including ties to the old Richards department store in the 1920s.



Scott Salpeter and James Cassel

"What we're going to do at Cassel Salpeter is really go back to the roots of independent advisory work, doing fairness opinions and valuations and restructurings of troubled companies, working on M&A, both buy and sell side, working with private equity firms," he said.

Marcus Wai, formerly of Ladenburg and Capitalink, has joined the firm as a vice president. Chris Mansueto, formerly of Ladenburg and Kaufman & Rossin, has joined the firm as an associate. Administrative assistant Marina Mendelson also comes over from Ladenburg.

"We've always lacked good intermediation in South Florida," said **Dennis Nason**, a Miami banking consultant who has run an investment banking firm. Intermediation involves matchmaking, putting people with capital together with those who need it.

"We've never had, to my knowledge, a major investment bank here," he said. "One of the reasons is that the deal size isn't big enough. The big banks don't want to handle anything less than \$50 million. The market here is not for the bigger deals, it's a \$3 million to \$10 million market and the need for intermediation is evident. It's an entrepreneur's market."

Deupi said a boutique firm of Cassel Salpeter's size has some good opportunities in South Florida.

"You go up and down Brickell and you see a lot of ... Wall Street names up in lights," he said. "But they're not here to do investment banking. They're doing private banking, managing wealth. The middle market niche is underserved by investment banks here in South Florida."

Nason said there is a need for somebody who already has access to capital, or has access to deals.

"Believe it or not, getting a good deal is probably harder than getting capital," Nason said, who added that Cassel's "Capitalink was quite good at what it did and when Phil Frost and Ladenburg bought into it, they got a company of substance and value."

Cassel said he doesn't view his new venture as highly competitive to Ladenburg and that the relationship has been friendly.

"They decided when Scott and I left that they weren't going to keep the people, that they had no problem with us bringing them on board, and they become the nucleus of a new firm which we hope to grow," Cassel said. "Although we'll be based in South Florida, our practice is intended to be national. When we had the old firm we did a substantial amount of work outside of South Florida."

His relationship with Salpeter goes back nearly two decades, and the two have always balanced one another.

"He's probably a little more realistic than I am," Cassel said. "I'm maybe a little more the optimist. He's the one who says wait a minute, let's take a step back."

Ladenburg Thalmann chief executive Richard Lampen declined comment beyond a statement wishing the new venture well.

"We look forward to working with them," Lampen said.

"We're not going to take companies public," Cassel said. "We will raise some money at some point, but right now we're not a FINRA broker-dealer. We have to wait until we get licensed and then we can potentially look at capital raising opportunities."

He said the firm's emphasis will be on mergers and acquisitions, fairness opinions, valuations, corporate restructuring and financial advisory.

"Everything except the M&A is something to generate cash flow," Nason said. "But their primary line of business will more than likely be putting together opportunities for people that have capital."

The new office at 801 Brickell is still in the process of opening.

"We went through a long debate," Cassel said. "For what we're trying to accomplish, Brickell is a great location. The building was very fair with us and fortunately, the space that we've taken was spec space, so

it's brand new space just built out. I don't have any long build-out period."

Until the new office is ready, he is working out of his home office.

"We're working remotely," Cassel said. "Someone asked 'Where is your office?' I said we had thousands of locations in the U.S. and around the world. We call it Starbucks."

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