

mann onthestreet

VOL. VI ISSUE III



[Matching Companies, Capital And Counsel]

GOTTBETTER & PARTNERS AND GOTTBETTER CAPITAL

ADAM S. GOTTBETTER



Adam S. Gottbetter

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“...prides itself on working with clients as a business partner rather than simply a transaction advisor interested only in closing a deal.”

Matching Companies, Capital And Counsel

Gottbetter & Partners And Gottbetter Capital

Several major company developments, all with a common denominator, took place during this year. Among them:

- A mineral mining company, based in South America, was trying to expand through acquisition. It possessed some assets and it raised some additional capital—but not enough. Gottbetter Capital Markets, a New York-based broker/dealer, stepped into the picture. It assisted in reorganizing and restructuring the company; led a syndicate of broker/dealers, including a South American investment bank; and helped it raise the necessary capital to make a transformative acquisition. The mining company is now negotiating with one of the world's largest steel producers for significant investment, as well as a joint-development and off-take agreement. Where the mining company was essentially worthless last year, today, with a \$65 million market capitalization, it has bright prospects as one of the world's leading lithium properties.
- More and more cigarette smokers, prodded by new warnings and regulations from the Federal Drug Administration, are trying to stop smoking. This spells opportunity for one bio-tech company that has developed two relevant technologies: one cigarette that offers modified risk by lowering tar content, and another, with very low nicotine levels, to be prescribed by a doctor, for people who want to quit. To raise capital to develop and market its products, the company sought the help of a market leading investment banking firm; this firm, in turn, sought appropriate financial partners. The investor banker's first stop: the same New York broker/dealer that served the mining company. The organization first sourced a public company partner and a large share of the needed capital, then engineered and quarterbacked the deal to completion. The bio-tech company is now a public company, with its valuation having doubled from approximately \$17 million to \$35 million. Further, the placement agent recently arranged to license the products in China, where smoking, and its side effects, represent a large market.

The common denominator in both deals is the deal-making and legal expertise of Gottbetter Capital Markets, LLC and Gottbetter & Partners, LLP.

Gottbetter Capital Markets, founded in 2008, specializes in private investments in public equities (PIPEs), bridge financings and alternative public offerings (APOs). The firm, a registered broker-dealer, works closely with its affiliates, Gottbetter Capital Group, a merchant banking firm, and Gottbetter & Partners, LLP, a law firm that specializes in corporate and securities law.

Another common denominator: Adam S. Gottbetter, who founded all three firms.

The law firm is recognized as a trusted, efficient provider of a broad range of legal services. These include securities offerings, such as public and private stock offerings; mergers and acquisitions; securities regulations and compliance; corporate finance services; going public transactions such as reverse mergers and self-underwritten public offerings; and private company transactions.

“Everything related to capital markets and going public or private starts with contracts and agreements, which clearly dictate the need for a law firm,” says Adam Gottbetter. “What separates us from all other firms is that we understand what everyone—the bankers, the investors, the auditor, the management-shareholders—wants to achieve in a transaction. Where there are particular specialties that we don't handle in-house, we have access to third-party, best-of-breed providers. Our particular skills are exploring and understanding the complexities of everything a transaction involves, then coordinating all the facets that come into play. Ours is a team approach that ensures that each deal proceeds as smoothly and as expeditiously as possible.”

A valued member of the transaction team is the investment banking firm, Rodman & Renshaw LLC. It was this firm, in fact, that brought the tobacco-cessation deal to Gottbetter. “Our firm specializes in raising capital for micro and small cap companies,” says John Borer III, Senior Managing Director of Rodman & Renshaw. “Adam's firm and our firm have an excellent history of working together for such companies, across all industries; we both bring experience in understanding them and working with their management teams. Our firm may have a client management team with organizational, sponsorship or other needs; we will introduce them to Adam and



“Where we’re experts is in managing transactions, and representing companies and the issues they are going to face, and how these may impact everyone else around the deal.”

his company. Adam’s firm may have a client who needs to raise capital; he will introduce that client to us, and we will pick up on that side of a transaction.”

Capitalizing on Relationships

“Over the years, through its legal work, Gottbetter & Partners has built many relationships,” says Julio Marquez, President of Gottbetter Capital Markets, LLC. “We hope to capitalize on them, to bring together, on the one hand, people seeking capital, and on the other hand, people with capital who are seeking opportunities to invest. While our clients tend to be modest-sized firms that are looking for early rounds of capital, as compared with larger firms, we are in a position to help firms of all sizes.” Marquez joined Gottbetter in 2009 following positions with such organizations as Citibank, Wasserstein Parella and Gem Advisors, a broker/dealer with substantial experience in emerging-market countries. “That experience has contributed to some of the international flavor of Gottbetter Capital Markets,” he says. “We have built many successful relationships around the world, and we hope to expand on them.”

“Over time,” says Gottbetter, “as the result of our representing many organizations in private placements, public offerings, and mergers and acquisitions, the law firm, Gottbetter & Partners, has developed a network of proven financial resources for its clients, including PIPEs, bridge loans, APOs and our self-underwritten public offerings, or what we refer to as Gottbetter Public Offerings (GPOs™). However, what the firm did not have was its own, formal, industry-recognized access to capital markets. Today, through its affiliate, Gottbetter Capital Markets, LLC, which we founded four years ago, Gottbetter & Partners’ clients have that access.”

Why not refer the law firm’s clients to third-party sources of capital? “Our involvement actually began that way, in 1993,” recalls Gottbetter. “At some point, however, I saw that, while I knew these firms, there was always a possibility that something beyond our control could happen to delay or derail the deal or even affect our relationships with our clients. I wanted to remain involved so we could manage and be responsible for the entire process. The solution was to form our own firm, Gottbetter Capital Markets. While it’s entirely separate from our legal practice, it still gives me the opportunity to maintain these relationships, and to keep up to date on a client’s overall situation.”

These relationships provide another benefit. “Marketing is one of

the biggest expenses for broker/dealers,” notes Marquez. “We already have connections with the law firm’s clients. They know us; they trust us. They’re a fine source of potential new business.”

For regulatory purposes, the law firm, Gottbetter & Partners, and the broker/dealer firm, Gottbetter Capital Markets, must be separate entities; they can’t even share the same office. What happens, then, if both firms are involved in the same deal and a Gottbetter broker/dealer needs fast legal counsel from an attorney at Gottbetter & Partners? The answer: Adam, as owner of both companies, has positioned his own office literally between them, with separate doors leading from his office into each. “A banker from the broker/dealer can walk through my office to the law firm side and into the lawyer’s office, they can talk face to face, and they can get a question resolved right away. It gives us tremendous efficiency!”

The law firm’s involvement does not necessarily stop when a deal is completed. “Once a company becomes public, we can handle its ongoing SEC compliance filings and related corporate matters,” Gottbetter notes. “We will often take equity compensation as part of our overall fees; this not only aligns us with our clients’ interests, but it further motivates us to promote and seek out opportunities proactively, and to leverage opportunities that can benefit them. That equity, of course, we hope has value; when our clients succeed, we too succeed.”

Industry Agnostic

Gottbetter Capital Markets has been involved in deals covering many industries. “We think of ourselves as being ‘industry agnostic,’” says Gottbetter, “rather than experts in any one field. We can hire other people with industry expertise for that. Where we’re experts is in managing transactions, and representing companies and the issues they are going to face, and how these may impact everyone else around the deal.”

As technology has advanced, Gottbetter Capital Markets has brought its skills to bear in such fields as energy, mining, biotech and social media. “For one oil and gas deal,” says Gottbetter, “we knew a significant player in the industry, we negotiated the deal, and we helped raise the capital. Such a deal is like a puzzle, fitting the three major pieces together: the private company, the public company, and the capital. Our role was to quarterback it and make sure the deal was completed. Our clients choose us because we are thorough and efficient, but since my name has been on the door for 18 years, I have to be



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confident that management can execute it all.”

As essential as it is to know how to put a deal together, it is also wise to know which deals not to do. “China has been a hot space over the past five to ten years,” says Gottbetter. “I have been to China, it’s a wonderful and fascinating place—but I realized that unless you had an operation on the ground in China and committed yourself to investing a lot of time there, you had no business doing business there. I made a conscious choice not to focus on China, deciding, instead, to focus on markets I could more readily service. It turned out to be the right decision for us: there have been a number of allegations of fraud, investors have lost large amounts of money, and the SEC recently announced a task force to investigate deals there. However, our firm has been untouched by any of that.

“This confirms an important point for me—important, too, for our client companies and investors,” says Gottbetter. “I know what I know, and I know what I don’t know. I know what we can do—and we do it well. We do not rush into deals because some people think they are hot. We have been focusing primarily on the Americas—North and South America and Canada—deals, in a sense, that we can touch

and feel, and where we have a level of comfort with the experts we rely on.

“We don’t have a giant client base—on purpose,” Gottbetter comments. “In fact, we do fewer deals than some. But we feel that we do them better.” 

By Peter Haas

*Gottbetter & Partners, LLP
488 Madison Avenue, 12th Floor
New York, NY 10022
Tel: 212-400-6900
Fax: 212-400-6901
gp@gottbetter.com
www.gottbetter.com*

*Gottbetter Capital Markets, LLC
488 Madison Avenue, 12th Floor
New York, NY 10022
Tel: 212-400-6990
Fax: 212-400-6999
investorinfo@gottbettercapital.com*

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