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Around for 10 Years with Over \$9 Billion of Equity Related Financing, Merriman Capital is the Place to go for Clean Energy, Disruptive Technologies, Telecommunications, Material Technology and Resources Companies Looking for Capital and to be Introduced to Growth Oriented Institutional Investors

**Financial  
Investment Services  
(MERR-OTCOX)**

**Merriman Holdings, Inc.**

**600 California Street, 9<sup>th</sup> Floor  
San Francisco, CA 94108  
Phone: 415-248-5600  
www.merrimanco.com**



**William J. Febbo  
Chief Operating Officer & Director**

**BIO:**

Will Febbo has been a director of Merriman Capital, Inc.'s parent company, Merriman Holdings, Inc., since April 2007 and recently took the position of Chief Operating Officer.

In 1999, Febbo founded MedPanel, Inc., an online medical market intelligence. From the inception of Med-Panel, Febbo has remained CEO of

the primary market research provider, overseeing sales, marketing, technology, finance and content development organizations.

Febbo has been Treasurer on the board of the United Nations of Greater Boston since November 2004. Prior to founding MedPanel, Inc., Febbo was chairman of the board of Pollone, a Brazilian manufacturing venture in the automotive industry, and prior to that he was with Dura Automotive working in business development and international mergers and acquisition.

Febbo received his B.S. in international studies, with a focus on economics and Spanish, from Dickinson College.

**Company Profile:**

Merriman Capital, Inc. has revitalized its banking and brokerage platform to advise and finance small, high-growth companies and the institutions and individuals who invest in them.

Merriman generates quality advice and service on behalf of their clients through four business segments:

- Capital Markets Advisory
- Institutional Trading Execution
- Investment Banking
- Financial Entrepreneur Platform

The Merriman team has extensive institutional relationships, deal knowledge and comprehensive trading experience to advise corporate clients on complex capital market issues.

They are long term investors and contrarians focusing on areas of the marketplace that mainstream investors often overlook.

Merriman Capital is also the leading investment bank for OTCQX-listed companies, with more OTCQX listings than any competing investment bank. And Merriman Capital's parent company, Merriman Holdings, Inc. (OTCQX: MERR), also trades on OTCQX.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Febbo, what is the overview of Merriman Capital?

**Mr. Febbo:** At Merriman Capital, we have a singular focus on a very underserved market. We research, trade, advise and finance small fast-growing, innovative companies within the network of growth-oriented institutional investors and high net-worth individuals. These investors count on us for original and often contrarian and extraordinary equity opportunities. Our corporate clients, CEOs and CFOs see value in our specialized distribution channel and the deep relationships we have with institutional, small-cap investors.

Also, just as important to mention, as a company we hire aggressive, passionate and persistent people, because it is a tough business. Lastly, we have four profit centers called capital markets advisory, institutional equity and options services, invest-

ment banking, and our financial entrepreneurial services.

We have been around for 10 years and have done over \$9 billion of equity related financing.

**CEOCFO:** Are there particular industries on which you focus?

**Mr. Febbo:** Yes. We specialize in clean energy, disruptive technologies, telecommunications, material technology, and resources.

**CEOCFO:** You mentioned aggressive people; how do you combine technology and gut feeling when looking at a company?

**Mr. Febbo:** When you start doing due diligence on a company, obviously the first read is people, because all businesses are live or die by the people. Therefore, you have to get very comfortable with the management team that is in place and then the professional services they surround themselves with, from accounting to legal. This is the first step to ensure everything is in order.

We take a look at the past financings and how they got to where they are and that is probably a critical step. We have about between 30 or 40 companies a month that meet with the Merriman Capital team to share their investor stories and business models. They are all in need of capital or advisory services.

You need to do a fairly quick read on the people first and then have analysts dig into their business model and data - many are engineers or technical by training. We rely on them to go fairly deep on the technology and validate it; if it gets to that stage.

**CEOCFO:** Where do you see the most growth in the four categories?

**Mr. Febbo:** Capital markets advisory is a very important strategic tip of the spear for the firm that links with everything we do. It's a recurring revenue business for us. This group services and advises on a monthly retainer mostly foreign listed public companies

who want to increase their awareness in the United States market with institutional investors.

We provide these companies with premier capital market services from market making, to writing research, to providing non-deal road shows, to hosting an annual investor conference on their behalf. We have been in this business for about three years. We are a leading Principal American Liaison for listing on the OTC QX, we view that as a differentiator, and we are seeing a lot of growth there.

**CEOCFO:** You mentioned "mostly foreign for now," do you plan on implementing those service more in the US?

**Mr. Febbo:** Yes, and we have started already. We found with the 2008 correction and the subsequent consolidation in the broker-dealer business, there are a lot of small micro-cap companies that are looking for institutional investors who can help them

**We have been around for 10 years and have done over \$9 billion of equity related financing. - William J. Febbo**

get the financing and capital markets awareness they need to grow. Many of these U.S. based companies may already be publicly listed, but need research coverage. In addition, they need non-deal investor road shows to get the exposure. Therefore, we view the US as a gigantic opportunity. We just started our Capital Markets Advisory Group with international footprint mainly in the English speaking countries like Australia, Canada, England - we see a great deal of growth in the United States as well.

**CEOCFO:** Would you tell us about the institutional equities area?

**Mr. Febbo:** The institutional equities and options trading environment has started off really tough for everyone this year. However, we have a core team of trading and sales professionals that have been in the business for a long time and have great relationships. Therefore, we see our trading desk as an important part to maintaining those relationships and staying active with institutional accounts.

On the investment banking side, there has been a huge consolidation in the traditional boutique investment banking model, and many of our competitors have gone out of business or been acquired. Therefore, we are seeing a steady flow of demand for our banking services. Again, having done this for ten years and raised nearly \$10 billion on behalf of our corporate clients, we are in a good place to do that.

We have a deeply experienced and aggressive investment banking team in San Francisco and New York to handle those corporate relationships.

Then the last group is financial entrepreneurial services. This is a platform that's part of Merriman Capital's DNA. In principle, it provides financial professionals an opportunity to become independent contractors within the firm and build out their business.

What does that mean for Merriman? It allows us to leverage one of our core competencies in compliance and legal, which is tricky today with FINRA and the SEC. Entrepreneurialism runs deep within our culture. Therefore, we have given financial entrepreneurs an opportunity to thrive in a growth environment, while Merriman has a revenue share on anything they generated without much incremental cost.

We see that as a major growth area. If I had to categorize the growth areas, I would say capital markets advisory and financial entrepreneurial services as the top two; then investment banking and then institutional equity and option trading.

**CEOCFO:** Would you tell us more about the financial entrepreneurial services?

**Mr. Febbo:** They are financial professionals who have worked in companies, major investment banks. They have developed relationships with corporate CEOs, and investors. They are basically representing a corporate financing or an advisory. You cannot really do that out on your own. You cannot be a consultant anymore and exchange equities among even so-

p sophisticated investors. You need to be associated with a broker/dealer and what comes with that is obviously the licenses, as well as a great deal of compliance and technology infrastructure.

Therefore, we bring on independent groups that have a clear compliance and legal background. Conducting background checks on financial entrepreneurial candidates is critical and is the first step. Then you want to make sure they are people who fit our culture, and have a sound business model they want to grow.

Strategically, we have a great group currently on the financial entrepreneurial platform who focuses on mineral and resources and many of our OTCQX clients are in that space. There is a wonderful synergy there to have a group we can go to if we want to do a transaction in an area we do not have a core competence in. There are multiple levels to it, but the idea is to bring groups in and share in the revenues. Their licenses are with our broker/dealer, so we are responsible for them from a FINRA perspective.

We are basically a solution to independent groups of financial professionals who no longer want to work for larger banks. The boutique banks, if they are too small they do not have enough infrastructure to support them. Then ultimately, starting their own broker/dealer is complicated and expensive.

**CEOCFO:** Are there any services that you are not offering now that you would like to add to the mix?

**Mr. Febbo:** Yes, we currently do not have an asset management company within the firm. That is probably something we will explore. That is probably the biggest one. If you look at our peers, most of them have some element of an asset management company, which provides a reliable revenue stream and a low cost structure. It is all about the people and obviously getting the right partners to invest as LPs.

**CEOCFO:** Are there certain themes that Merriman is able to play into?

**Mr. Febbo:** As the COO/CFO, I do not actively make the calls to the institutional investors. The deals that our banking team gets done are tough – many on Wall Street cannot do with the level of talent and perseverance we provide. We have to truly believe in a corporate client's story before we commit to any banking engagement.

A seasoned team is critical to determining when a corporate client is at the right stage – just prior to accelerated growth and within an industry where it is easily understood and very transparent. Institutional investors want to see these companies have sustainable growth. For example, is their house in order?

If not, there is a real flight risk obviously. Those who understand what makes a quality micro cap company, right now is a great opportunity for them to apply this type of screening criteria.

**CEOCFO:** What is the biggest misunderstanding about micro cap companies?

**Mr. Febbo:** If I am putting myself in their shoes, it is usually the micro cap's balance sheet that is perceived as complicated. That is because many small companies are desperately trying to raise the money to grow. Generally, when you are real small, you can only be so sophisticated in terms of who you can hire to help you raise money. Therefore, this can create perceived balance sheet issues. And, if a new technology that's part of your business model, then you have validate that technology for investors.

We think we do a great job of that in front of investors on behalf of our corporate clients, but we are obviously involved with the company, so we encourage our institutional investors to do their own check on the technology.

**CEOCFO:** Why are companies coming to Merriman as there are competitors in all the areas that you work in?

**Mr. Febbo:** There are less competitors today, so we are getting some flow just from them having less qual-

ity options. We have a great CEO, Jon Merriman, who has been in the business his entire career and has developed a great reputation of really helping fast-growing companies raise the capital they need to fund innovation. Then, having come out of the last couple of years, we are showing that we are someone who is staying. We are a brand that raised \$9 billion. That goes a long way with a CEO. Also, when we sit down with our corporate clients, they see our bankers as professionals with a global perspective – many have worked in finance all over the world. Our team also understands structure, so we have great technical expertise and research skills that can go deep on the technology.

**CEOCFO:** From an investment perspective, what do people not realize that they should, and why should investors pay attention to Merriman Holdings right now?

**Mr. Febbo:** We have a 10-year history financing, advising, trading and researching growth companies. We recently restructured our company in October of 2011, which sharply lowers our break-even and focuses model on advisory and platform revenues, similar to the financial entrepreneur service and capital excess market.

There is the demise of competitors and downsizing of larger banks, coupled with massive compensation changes. This has created a real interesting opportunity to get great people onboard. We have a very strong and supportive institutional investor base, as well as high-net-worth investor base.

Our valuations overall have been compressed because of the environment and because of competition going out of the business. Therefore, it is a great opportunity to look at a company like Merriman Capital.

**CEOCFO:** Does Merriman do investor outreach?

**Mr. Febbo:** In the last couple of years, it has been more about getting the ship steering in the right direction, getting the cost structure in place. I

can tell you there will be a lot more of that going forward.

**CEOCFO:** What should people remember most when they read about Merriman?

**Mr. Febbo:** The most important component is our people. Growth. Collaboration. Accountability. Teamwork. These themes are deeply embedded in the culture of Merriman Capital and they drive everything we do on behalf of our clients.

If you are in need of capital, have a differentiating technology or business model and want to be introduced to growth oriented institutional investors, we are a great company to come to.

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