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Rice Financial Products Buys Pryor McClendon's Muni Section

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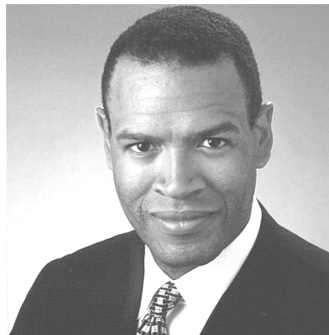
ATLANTA — **Rice Financial Products** Co. has purchased the municipal division of **Pryor, McClendon, Counts & Co.** in an effort to expand its coverage in the Northeast and boost the African-American-owned investment bank's marketing power.

The acquisition was announced Wednesday and will lead to the creation of a new underwriting firm called Apex, Pryor Securities Inc., which will be a division of Rice Financial Products. The Apex name stems from Apex Securities Inc., a Houston broker-dealer Rice Financial purchased in 1998 that continued to operate under its own name.

Rice Financial estimates the combined underwriting volume of the firms, based on year-to-date business, would place the new operation as 16th among municipal investment banks in the Country. PMC worked as a co-manager on \$9.85 billion worth of deals in the first 10 months of this year, ranking 26th, according to Thomson Financial Securities Data. Apex ranked 37th, working on \$4.93 billion of deals.

While the acquisition signals the end of an independent municipal shop for PMC, representatives of both firms said they were pleased with the sale, noting that it would aid underwriting business and give clients access to more products and services.

"As with our acquisition of Apex Securities last year, the signature trait that PMC possesses is a fundamental depth of relationships," said Donald Rice, president and founder of Rice Financial. "Even more important, PMC has maintained the core of its client base, even as the industry and the players have changed dramatically over the past few years."



PMC chairman **Malcolm Pryor** was traveling outside the country and unavailable for comment, his firm said. In a statement he said the firm had been "looking for a way to continue to provide the high level of service that PMC has delivered to our clients over the years. The combination with RFPC and Apex certainly provides that opportunity."

PMC operates separate municipal and corporate broker-dealer units. While Pryor will continue to own and operate the corporate finance practice, including fixed income, equity and brokerage functions, all the municipal activity will go to Rice Financial. The terms of the transaction were not disclosed.

Additional comments made by Pryor in the release suggest the combination will establish a legacy for the firm, independent of its founders' fortunes. "The unfortunate truth is that most minority investment banks have not continued after their founders left," he said in the statement. "The transaction will allow [PMC's] legacy to continue. The move also allows me to concentrate on other things of importance to me at this point in my life."

These matters aside, Apex managing director **Leonard Jones** said the combination will strengthen the firm's coverage in the Northeast, an area where it had few clients. "This move is in line with [our] strategy to compete strongly in selected key areas," he said, "while maintaining the type of client focus that local and regional firms generally provide."

Rice, a former **Merrill Lynch & Co.** investment banker, echoed these sentiments, saying the acquisition is "extremely attractive" because PMC and Apex overlapped on only 3% of clients. Another advantage lies in having access to issuers with more complex financing needs, because the parent company, Rice Financial, is recognized for its ability to develop interest rate swaps. No job losses are expected from the move, he said.