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Swap Specialist Rice Hires Banker for 'Conventional' Business

By Mary Wisniewski

J. Donald Rice, president of **Rice Financial Products Co.**, said he hopes that the firm's recent hiring of municipal finance banker **Tony Stovall** in California will boost its prominence in conventional bond transactions.

"While RFPC has executed numerous interest rate swaps and other derivative-based transactions in California, we have been a less-prevalent player in conventional bond transactions," Rice said. "Tony will help us change that."

Leonard Jones, a partner and manager of **Apex Pryor Securities Inc.**, Rice's municipal bond division, said that the best way to raise the firm's profile in the expanding California market is to gain underwriting market share.

"That has the added bonus of enhancing the firm's overall credibility with more nontraditional products," Jones said.

The New York-based Rice Financial announced this week that it had hired Stovall, 35, as a partner in the firm. Stovall came from M.R. Beal & Co., another New York-based minority-owned firm, where he was an executive vice president with a focus on California municipal finance. Stovall intends to expand Rice Financial's bond underwriting activities nationwide - starting by opening a California municipal finance office. It has not yet been determined where the office will be, but Stovall currently operates out of Los Angeles.

The firm is also looking to expand its sales desk and add resources on the technical side, according to Stovall.

Stovall said coming to Rice gave him a "great opportunity" to work with cutting-edge product technology and talented people who know how to use it. Taking advantage of creative financial products is particularly important now, Stovall said, as issuers are facing budgetary pressures.

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Stovall had worked for 11 years with Beal, serving as a lead banker for a variety of issuers and deals, including \$306 million of pension bonds for **Alameda County**, Calif., and a \$115 million financing for **Highland Hospital** in Alameda, according to a Rice company statement. He started his career in corporate finance working for **Bankers Trust**.

Rice Financial is known as a municipal derivatives boutique. Some of the company's best-known products are floating-to-floating and fixed-to-floating interest rate swaps designed to leverage off the relative steepness of the municipal yield curve, compared to the taxable yield curve.

In 1998, Rice acquired Houston-based broker-dealer **Apex Securities**, which boosted Rice's national presence and got the firm into more plain-vanilla municipal bond underwriting and trading.

In 1999, Rice bought the municipal division of **Pryor, McClendon Counts & Co.** to expand its coverage in the Northeast. The combined municipal division is now called Apex, Pryor Securities Inc., a division of Rice.

Napoleon Brandford 3d, chairman of **Siebert Brandford Shank & Co.**, which is currently the lead minority-owned firm in senior-managed bond deals, said he had tried to hire Stovall in the past, and praised his skills as a banker.

"He's one of the brightest up-and-coming young owners in the business," Brandford said.

A representative of M.R. Beal was not available for comment.

Rice Financial is one of several firms connected with municipal finance that lost office space as a result of the terrorist attacks on the World Trade Center. Though still in Manhattan, it has since moved to Greenwich Village, with an office at 770 Broadway.