

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-09-22** | Period of Report: **1994-06-24**
SEC Accession No. **0000950124-94-001485**

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FILER

RODMAN & RENSHAW CAPITAL GROUP INC

CIK: **726977** | IRS No.: **363111956** | State of Incorporation: **DE** | Fiscal Year End: **0630**
Type: **10-K** | Act: **34** | File No.: **001-09143** | Film No.: **94550025**
SIC: **6211** Security brokers, dealers & flotation companies

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120 SOUTH LASALLE ST
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3129777270

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JUNE 24, 1994

Commission file number 33-4649

RODMAN & RENSHAW CAPITAL GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware 36-3111956
State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization

120 S. LaSalle Street, Chicago, Illinois 60603
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (312) 977-7800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, par value \$0.09 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by a check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES /X/ NO / /

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

As of August 31, 1994, 4,576,837 shares of Common Stock, par value \$0.09 per share, were outstanding, and the aggregate market value of the shares of Common Stock of the Registrant held by non-affiliates (based upon the closing price of the Registrant's shares on the New York Stock Exchange on August 31, 1994, which was \$5.625) was \$11,908,000.

DOCUMENTS INCORPORATED BY REFERENCE

None

TOTAL PAGES IN THIS REPORT

PART I

ITEM 1. BUSINESS.

Rodman & Renshaw Capital Group, Inc. (the "Company") is a holding company which was incorporated in Delaware on November 20, 1980, as the successor, through its subsidiaries, to the business of Rodman & Renshaw, a partnership which commenced operations in Chicago in 1951. The Company, through its principal subsidiary, Rodman & Renshaw, Inc. ("Rodman"), is a full-service securities broker-dealer and commodities futures commission merchant with memberships on the New York Stock Exchange ("NYSE") and other principal stock and commodity exchanges. The Company offers a comprehensive range of investor services to meet the needs of individual investors, corporations and other business organizations, tax-exempt entities, financial institutions and fiduciaries, and other securities and commodities dealers.

Rodman acts as a broker and dealer in the purchase or sale of listed, preferred, and over-the-counter stocks, options, certificates of deposit, mutual funds, taxable and tax-exempt debt instruments, commodities and financial futures. Through the corporate finance, municipal finance, and

private placement departments, Rodman provides investment banking advice, underwritings, merger and acquisition consulting, and can obtain funds for leveraged acquisition purposes, corporate expansion or recapitalization financings, municipality and other tax-exempt entity financings, and real estate private placements.

Rodman provides financial institutions, fiduciaries and professional investors with selected research. These entities, as well as other securities and commodities dealers, are able to utilize Rodman's trade execution services in equity securities, bonds and commodities. The Company, through its other subsidiaries, provides investment advisory services, acts as general partner for real estate limited partnerships, and acts as general partner and commodity pool operator for commodity limited partnerships.

On December 21, 1993, the Mexican brokerage firm Abaco Casa del Bolsa, S.A. de C.V., Abaco Grupo Financiero ("Abaco"), acquired 54% of the Company's outstanding shares through a tender offer at a price of \$10.50 per share. Abaco is a brokerage subsidiary of Abaco Grupo Financiero, S.A. de C.V. ("Parent"), a multi-faceted financial services holding company based in Monterrey, Mexico. In addition to Abaco, Parent owns a commercial bank, leasing company, foreign exchange house, factoring firm and insurance company, all based in Mexico. Parent's shares are traded on the Mexican Stock Exchange. Since the acquisition, a substantially new senior management team has been put in place. Abaco and Parent have also provided the Company with additional funding through a \$10,000,000 loan and a \$15,000,000 purchase of preferred stock from the Company. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources and Item 12. Security Ownership of Certain Beneficial Owners and Management.

The Company's executive offices are located at 120 South LaSalle Street, Chicago, Illinois 60603 and its principal telephone number is (312) 977-7800. The Company also has offices in New York, Kansas City, Cleveland, San Francisco, Milwaukee, San Diego, Dallas and Northbrook, Illinois.

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REVENUES BY SOURCE

The following table sets forth certain information regarding the revenues of the Company by source, for the three most recent fiscal years. See Note 2 to the Consolidated Financial Statements enclosed herein for a discussion of accounting changes in fiscal 1993.

Years Ended June 24, 1994
June 25, 1993 and June 26, 1992
(in thousands of dollars)

<u><S></u>	1994	1993	1992
<u><CAPTION></u>	<u><C></u>	<u><C></u>	<u><C></u>
COMMISSIONS			
Commodities	\$ 19,833	\$ 26,031	\$ 28,553
Listed securities	6,080	9,386	9,040
Over-the-counter securities	2,446	2,387	2,639
Options	799	914	1,009
	-----	-----	-----
TOTAL COMMISSIONS	29,158	38,718	41,241
PRINCIPAL			
Institutional credits:			
Bonds	13,117	17,382	11,709
Equity and debt underwritings	644	925	443
Over-the-counter stocks	575	202	287
Mutual funds	0	0	1
	-----	-----	-----
	14,336	18,509	12,440
Retail credits:			
Bonds	3,844	5,586	5,470
Equity and debt underwritings	2,724	3,479	2,309
Over-the-counter stocks	2,712	1,388	536
Mutual funds	1,811	1,533	995
	-----	-----	-----
	11,091	11,986	9,310
	-----	-----	-----
Total credits	25,427	30,495	21,750
Market-making and dealer transactions:			
Corporate fixed income and government zero coupon bonds	500	408	2,864

Over-the-counter stocks	1,600	1,211	933
Other	(214)	102	93
	-----	-----	-----
Total market-making and dealer transactions	1,886	1,721	3,890
	-----	-----	-----
TOTAL PRINCIPAL	27,313	32,216	25,640
INTEREST			
Market-making; securities inventory	4,412	5,238	5,692
Margin accounts	2,420	3,452	3,786
Securities finder service	2,381	1,868	1,370
	-----	-----	-----
TOTAL INTEREST	9,213	10,558	10,848
FEE INCOME			
Corporate and municipal finance	7,269	2,410	3,971
Limited partnerships	95	415	479
Advisory services	234	320	278
	-----	-----	-----
TOTAL FEE INCOME	7,598	3,145	4,728
OTHER			
	4,035	2,672	1,921
	-----	-----	-----
TOTAL REVENUES	\$ 77,317	\$ 87,309	\$ 84,378
	=====	=====	=====

</TABLE>

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COMMISSIONS

Commissions from securities and commodities brokerage activities represented approximately 38% of the Company's revenue in the year ended June 24, 1994, and 44% and 49% in the years ended June 25, 1993 and June 26, 1992, respectively. Commissions on commodity brokerage represented approximately 68% of the Company's total commission revenue for the fiscal year ended June 24, 1994, and 67% and 69% in the years ended June 25, 1993 and June 26, 1992.

Rodman executes customer orders to buy and sell securities and commodity futures contracts. Rodman charges commissions competitive within the industry.

PRINCIPAL TRANSACTIONS

Rodman acts as principal and agent to effect transactions in the equity, fixed income and over-the-counter markets for institutional and retail customers, as well as for other broker-dealers. Principal transactions, including market making, require maintaining inventories of securities for resale. These inventories are valued at market, and accordingly, gains and losses are included in the results of operations. Rodman monitors its inventory aging and turnover and employs various hedging strategies to mitigate the effects of changing market conditions.

Institutional and Retail Credits. Rodman acts as principal in executing trades in fixed income securities and in over-the-counter stocks for institutional and individual customers, underwrites equity and debt securities, and sells shares in mutual funds. In connection with these transactions, Rodman receives, in lieu of commissions, credits in the form of mark-ups or mark-downs from the price of the security.

Rodman employs traders and salespersons in its Chicago, Milwaukee, and New York offices to service institutional clients such as insurance companies, banks, state and municipal pension funds and investment counselors.

Market-making and Dealer Transactions. Rodman employs traders and salespersons to make secondary markets in investment grade corporate fixed income securities. Rodman employs over-the-counter traders to make secondary markets in approximately 85 equity securities. Rodman maintains inventories of over-the-counter stocks to facilitate sales, primarily for institutional and individual customers. Rodman employs taxable and municipal bond traders and salespersons and maintains inventories of municipal bonds to facilitate transactions with its retail and institutional customers. See Note 8 to the Consolidated Financial Statements for the market value of the Company's long and short securities inventory positions at June 24, 1994.

INTEREST

Rodman earns interest revenue principally through financing customers' purchases of securities, from securities inventories carried for resale to customers, from securities finder services, and from short-term investments.

Margin Accounts. Interest is charged to customers on the amount loaned to finance margin transactions. Financing of margin purchases is an important source of revenue and profits to Rodman since the interest rate paid by the customer on the funds loaned to them exceeds Rodman's cost of short-term funds. Interest rates charged to customers on such loans range from zero to two and one-half percent over the broker call rate (the rate paid to banks by brokers on loans collateralized by marketable securities) depending upon the average net margin balance in the customer's account and the volume of the customer's transactions.

Securities Finder Service. Rodman operates a securities finder service which matches the specific needs of broker-dealers that must borrow securities to make deliveries on short sales, or for other reasons, with organizations that have excess securities legally available for lending. In performing this service, Rodman assumes a principal position, recording funds received against securities loaned as liabilities and funds advanced against securities borrowed as assets. Such loans and borrowings are collateralized through initial cash deposits and subsequent deposits made as a result of daily "marking-to-market" of the underlying securities.

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FEE INCOME

Fee income represented approximately 10% of total revenue for the year ended June 24, 1994, and continues to be an important component of the Company's revenue.

Investment Banking. Rodman's investment banking division provides financial advice to and raises capital for corporate clients. It also advises clients in connection with mergers and acquisitions. This division arranges public offerings and private placements of equity and debt securities directly with institutional and individual investors. Rodman also provides advice to clients with respect to matters such as acquisitions, financial planning, and corporate recapitalizations.

Municipal Finance. Rodman acts as a manager or co-manager of negotiated public offerings and private placements of tax-exempt securities issued by state and municipal governments, power agencies, industrial development and pollution control financing authorities, sewer and water authorities and state and local housing authorities.

Limited Partnerships. Rodman markets limited partnership interests in real estate, commodity pools, and other businesses.

Advisory Services. Rodman Advisory Services, Inc., a wholly owned subsidiary of the Company, provides investment advisory services to individuals, municipalities and employee benefit plans.

Other Services. Rodman assists in the design and development of corporate benefit plans. In addition, it acts as a general insurance agent providing insurance consultations and advice and represents a number of insurance companies in the sale of a broad range of insurance products.

MARKET RESEARCH

Rodman provides investment recommendations and market information to its securities and commodity futures customers. Rodman's research efforts are supplemented by research services purchased from outside consultants.

COMPETITION

The Company competes for customers on the basis of price, range of services, quality of services, financial resources and reputation. The Company encounters intense competition in all aspects of the securities and commodities business and competes for customers and personnel directly with other securities and commodities firms, a number of which have greater resources and offer a wider range of financial services. In addition, there is increasing competition from other sources, such as commercial banks and insurance companies. Several leading commercial banks have obtained approval from the Federal Reserve Board to enter into various new business activities, such as underwriting certain municipal securities, and pending legislative proposals would permit all commercial banks to engage in similar activities. These developments may lead to the creation of a greater number of integrated financial services firms that may be able to compete more effectively than the Company for investment funds by offering a greater range of financial services.

EMPLOYEES

As of August 31, 1994, the Company employed approximately 490 people, including 84 retail securities representatives, 71 commodities associated persons, and 47 institutional securities sales representatives. None of the

Company's employees are covered by a collective bargaining agreement. During the past fiscal year the Company experienced significant turnover in its personnel. However, the Company considers its relations with its current employees to be good and regards compensation and employee benefits including medical, life and disability plans to be competitive with those offered by other firms. Competition for experienced financial services personnel is keen in the securities and commodities industry and, from time to time, the Company may experience additional losses of valuable personnel.

REGULATION

Rodman is registered as a broker-dealer in all 50 states and the District of Columbia. Rodman also is registered as a futures commission merchant with the Commodity Futures Trading Commission ("CFTC"). The securities and commodities industry in the United States is subject to extensive regulation under both federal and state laws. The Securities and Exchange Commission ("SEC") is the federal agency responsible for the administration of the federal securities laws. The CFTC is the federal agency responsible for the administration of federal laws governing commodities transactions. Much of the regulation of broker-dealers and futures commission merchants has been delegated to self-regulatory organizations, principally the National Association of Securities Dealers and national securities and commodities exchanges. The NYSE and the Chicago Mercantile Exchange have been designated by the SEC and the CFTC, respectively, as Rodman's primary regulators. These self-regulatory organizations adopt rules (subject to approval by the SEC and the CFTC) that govern the industry and the conduct of business. Rodman Advisory Services, Inc. is registered as an investment adviser with the SEC.

Broker-dealers and futures commission merchants are subject to regulations that cover all aspects of the securities and commodities business, including sales methods, trade practices, use and safekeeping of customers' funds and securities, capital structure, recordkeeping and the conduct of directors, officers and employees. Under certain circumstances, these regulations could limit the ability of the Company to make withdrawals of capital from Rodman. Additional legislation, changes in rules promulgated by the SEC and CFTC and self-regulatory organizations, or changes in the interpretation or enforcement of existing legislation and rules may directly affect the method of operation and profitability of broker-dealers and futures commission merchants. The SEC, CFTC, self-regulatory organizations, and state securities commissions may conduct audits and administrative proceedings which can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or futures commission merchant, its officers or employees. The principal purpose of regulation and discipline of broker-dealers and futures commission merchants is the protection of customers and the securities and commodities markets, rather than the protection of creditors and stockholders of broker-dealers and futures commission merchants.

The Company is a member of the Securities Investor Protection Corporation ("SIPC"), which provides, in the event of the liquidation of a broker-dealer, protection for customers' accounts held by the firm of up to \$500,000 for each customer, subject to a limitation of \$100,000 for claims for cash balances. SIPC is funded through assessments on registered broker-dealers, which may not exceed 1% of a broker-dealer's gross revenues, SIPC assessments currently are .054% of Rodman's gross revenues. In addition, the Company provides additional protection through a private insurer of up to \$9,500,000 for securities of each customer, for a combined coverage of \$10,000,000. Additional protection may be purchased by individual customers subject to the limitations of the contract.

NET CAPITAL REQUIREMENTS

As a registered broker-dealer and futures commission merchant, Rodman is subject to SEC Rule 15c3-1, the Uniform Net Capital Rule, which is enforced by the NYSE together with certain additional requirements set forth in the NYSE's Rule 325. The Uniform Net Capital Rule is designed to measure the general financial integrity and liquidity of a broker-dealer and requires that at least a portion of its assets be kept in relatively liquid form. Rodman is also subject to the net capital requirements of the CFTC and various commodity exchanges. Both SEC and CFTC rules specify minimum net capital levels as discussed below.

Rodman has elected to compute net capital under the alternative method of calculation permitted by the Uniform Net Capital Rule. The Rule requires that Rodman maintain minimum net capital, as defined, equal to the greater of (i) 2% of aggregate debits arising from customer transactions, (ii) \$1,000,000, or (iii) 4% of the funds required to be segregated for customers pursuant to the Commodity Exchange Act, exclusive of the market value of commodity options purchased by option customers.

Failure to maintain the required net capital may subject a firm to suspension or revocation of registration by the SEC and suspension or expulsion by the NYSE and other regulatory bodies and ultimately may require its liquidation. The Uniform Net Capital Rule also provides that the total outstanding principal amounts of a broker-dealer's indebtedness under certain subordination agreements, the proceeds of which are includible in its net capital, may not exceed for a period in excess of 90 days 70% of the sum

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of the total outstanding principal amounts of all subordinated indebtedness included in net capital plus stockholder's equity. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.

ITEM 2. PROPERTIES.

The headquarters of the Company are at 120 South LaSalle Street, Chicago, Illinois. Branch offices are located in New York, Kansas City, Cleveland, San Francisco, Milwaukee, San Diego, Dallas and Northbrook, Illinois. All of the offices are leased on a long-term basis under leases which expire at various dates from 1995 to 2001. See Note 15 to the Consolidated Financial Statements for the minimum annual rentals in succeeding fiscal years under all noncancellable leases with terms in excess of one year, as of June 24, 1994 .

The Company plans to move its office locations in Chicago and New York within the next year. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Expenses. The Company considers these new offices to be adequate for its future needs.

ITEM 3. LEGAL PROCEEDINGS.

Many aspects of the Company's business involve risk of liability. The Company has been named as a defendant in civil actions arising in the ordinary course of business out of its activities as a broker-dealer in securities and as a futures commission merchant. The Company may also be required to contribute to any adverse judgments or settlements in actions arising out of its participation in various underwritten offerings. Although it is impossible to predict with certainty the outcome of pending litigation, management of the Company believes, after consultation with outside counsel, that the outcome of pending litigation will not have a material adverse effect on the financial condition or results of operations of the Company.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Company held an annual meeting of its stockholders on June 1, 1994. At the meeting the stockholders elected the following directors by the number of votes indicated.

<TABLE>

<CAPTION>

	FOR ---	WITHHELD -----
<S>	<C>	<C>
Alexander C. Anderson	4,274,852	80,751
Paul C. Blackman	4,275,324	80,279
Eduardo Camarena Legaspi	4,275,071	80,532
Charles W. Daggs, III	4,274,752	80,851
Jorge Antonio Garcia Garza	4,275,071	80,532
Lawrence R. Helfand	4,274,245	81,358
Scott H. Lang	4,273,957	81,643
Jorge Lankenau Rocha	4,275,071	80,532
Thomas E. Meade	4,274,852	80,751
Mauricio Morales Sada	4,275,071	80,532
Richard Pigott	4,274,087	81,516
David S. Ruder	4,275,563	80,040
Peter J. Schild	4,275,104	80,499
Joseph P. Shanahan	4,274,783	80,850
Frederick G. Uhlmann	4,275,563	80,040

</TABLE>

Since the annual meeting, Mr. Schild has resigned as a director and Francis L. Kirby has been appointed to serve the remainder of Mr. Schild's term. Mr. Helfand also recently resigned as a director, but his replacement

has not yet been nominated.

The stockholders also approved the adoption of the Company's Non-Employee Director Stock Option Plan and 1994 Stock Option Plan, approved the terms of the performance goal pursuant to which its chief executive officer would receive compensation and ratified the appointment of Deloitte & Touche as independent auditors for the Company for the June 24, 1994 fiscal year by the following votes:

	For ---	Against -----	Abstain -----	Non-Vote -----
<S>	<C>	<C>	<C>	<C>
Non-Employee Director Stock Option Plan	2,878,227	170,344	28,734	1,278,298
1994 Stock Option Plan	2,875,443	176,970	24,892	1,278,298
Chief Executive Officer Performance Goal	4,058,582	192,739	31,088	73,194
Ratification of Auditors	4,311,539	36,363	7,701	-0-

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

SUPPLEMENTARY FINANCIAL DATA

QUARTERLY DATA (UNAUDITED)
(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE DATA)

			INCOME (LOSS) BEFORE TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES		NET INCOME (LOSS)	INCOME (LOSS) PER SHARE	STOCK PRICE RANGE	
	REVENUES -----	EXPENSES -----					HIGH ---	LOW ---
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fiscal year 1994								
Quarter ended:								
09/24/93	\$26,355	\$22,557	\$ 3,798	\$ 2,859	\$.61	\$9.750	\$5.375	
12/31/93	23,441	25,469	(2,028)	(1,643)	(.38)	9.750	7.125	
03/25/94	14,593	17,707	(3,114)	(2,088)	(.46)	7.875	5.750	
06/24/94	12,928	29,015	(16,087)	(15,629)	(3.46)	6.875	5.000	
TOTAL YEAR	\$77,317	\$94,748	\$(17,431)	\$(16,501)	\$(3.69)	\$9.750	\$5.000	
Fiscal year 1993								
Quarter ended:								
09/25/92	\$19,950	\$19,880	\$ 70	\$ 51	\$.01	\$5.750	\$4.500	
12/31/92	21,950	21,323	627	318	.07	5.625	4.500	
03/26/93	22,607	22,287	320	263	.06	6.625	5.000	
06/25/93	22,802	23,271	(469)	(376)	(.08)	7.250	5.250	
TOTAL YEAR	\$87,309	\$86,761	\$548	\$256	\$.06	\$7.250	\$4.500	

The common stock of Rodman & Renshaw Capital Group, Inc. is listed on the NYSE. The trading symbol is RR. At August 31, 1994, the approximate number of stockholders of record was 240.

Information contained herein may not agree with information published in the quarterly reports due to the change in accounting methods effective June 27, 1992. For fiscal 1993, total revenues and total expenses previously reported in the first quarter were \$21,458 and \$21,388 respectively; and for the second quarter were \$23,377 and \$22,750, respectively. There was no effect on net income because of the accounting change for commission revenues and expenses on customer transactions originated from introducing brokers discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Accounting Matters.

No dividends were declared in fiscal 1994 or fiscal 1993. The Board of Directors reviews its dividend policy periodically. However, there is no assurance that dividends will be paid in the future since they are dependent upon earnings, financial condition, and other factors. See Note 14 to the Company's Consolidated Financial Statements for a discussion of potential restrictions on the payment of dividends.

The cumulative effect of the accounting changes in fiscal 1993 on per share amounts was zero.

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ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	FISCAL YEAR END				
	(in thousands of dollars except per share data)				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA					
Revenues (1)	\$ 77,317	\$ 87,309	\$ 84,378	\$ 76,590	\$ 71,882
Expenses (1)	94,748	86,761	81,175	78,962	69,729
Income (loss) before income taxes	(17,431)	548	3,203	(2,372)	2,153
Net income (loss)	(16,501)	256	1,989	(1,595)	1,752
Net income (loss) per common share	(3.69)	0.06	0.46	(0.37)	0.42
Cash dividends per share	-0-	-0-	-0-	-0-	-0-

<CAPTION>

	FISCAL YEAR END				
	(in thousands of dollars except per share data)				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA					
Total assets (1)	\$ 300,664	310,198	321,890	242,563	315,941
Total liabilities (1)	263,325	271,288	282,772	205,434	287,244
Liabilities subordinated to the claims of general creditors	6,750	8,000	8,500	8,500	10,000
Total stockholders' equity	30,589	30,910	30,618	28,629	28,697
Book value per common share (2)	6.68	7.07	7.01	6.56	6.92

</TABLE>

(1) See Note 2 to the Consolidated Financial Statements regarding accounting changes.

(2) Abaco holds 150 shares of preferred stock convertible upon stockholder approval into the Company's common stock. In the conversion, the \$15,000,000 preferred stock purchase price will be divided by \$7.25 to determine the number of common shares to be issued. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources. Prior to the sale of the preferred stock, the Company's book value per common share was \$3.41. After the sale, book value per common share was \$6.68. Assuming the conversion had taken place at June 24, 1994, the book value per share as of that date would have been \$4.60.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

BUSINESS ENVIRONMENT

Rodman & Renshaw Capital Group, Inc. and its subsidiaries (collectively referred to as the "Company") conduct their businesses in highly volatile markets. Consequently, the Company's results of operations are affected by many factors, including general market conditions, the liquidity of secondary markets, the level and volatility of interest rates, currency and security valuations, competitive conditions, and the size, number and timing of transactions. In periods of unfavorable market activity, profitability can be

adversely affected because certain expenses remain relatively fixed. As a result, revenues and net earnings can vary significantly from quarter to quarter and year to year.

The period from June 26, 1993, through June 24, 1994, was one of change and volatility in the financial services arena. Long-term interest rates started to rise after several years of decline. This depressed the performance of fixed income departments throughout the brokerage industry. For the first six months of calendar 1994, the total volume of underwritings for new equity and debt securities sold domestically decreased by 18% from a year earlier.

Fiscal 1994 was also a year of substantial change for the Company. During the first quarter of fiscal 1994 the Company completed the sales of the London futures and option operations and the Chicago Stock Exchange specialist operation. Further, as discussed in Item 1. Business, on December 21, 1993, Abaco acquired approximately 54% of the Company's outstanding shares through a tender offer. Although this transaction will benefit the Company's ability to compete profitably in the future, the Company's earnings during fiscal 1994 were impacted negatively. The Company incurred significant costs as senior management was replaced. Production was lost due to significant employee turnover, thereby reducing revenues and earnings. The Company also incurred several material nonrecurring expenses and a restructuring charge.

Since the acquisition, the Company substantially changed its senior management team, conducted a review of the profitability of each of its core businesses, and developed overall company and individual departmental business plans. The Company has added a substantial number of producers -- both traders and salespersons -- to its fixed income, retail sales and futures departments. The Company expanded its investment banking and institutional equity businesses. The Company also identified new geographical markets for expansion and opened a new office in San Diego.

OUTLOOK

The Company is starting to experience positive contributions from the institutional fixed income brokerage and trading, futures, and investment banking departments. The Company continues to review its processing procedures and cost structure and intends to implement changes to improve its profit margins. In addition, new offices were opened in Dallas and San Francisco. The Company is expanding its investment advisory services and money management capabilities to benefit from the rapidly growing movement in the investment industry toward fee-based income. The Company has identified and is pursuing opportunities that will take advantage of its relationship with Abaco. Potential areas of synergy between the Company and Abaco are the development of investment and merchant banking opportunities in Mexico, making markets in certain Mexican equity issues in the United States, and providing research and trade execution on Mexican companies to domestic institutional and retail customers.

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RESULTS OF OPERATIONS

The results of operations should be read in conjunction with the Company's consolidated statements of operations and related notes.

During the fiscal year ended June 24, 1994, the Company's revenues decreased approximately 11% to \$77,317,000. This followed an increase of 4% for fiscal year 1993 when revenues rose to \$87,309,000 from \$84,378,000 in fiscal 1992.

The Company recorded a net loss of \$16,501,000, or \$3.69 per share, compared with fiscal 1993 net income of \$256,000, or \$.06 per share, and fiscal 1992 net income of \$1,989,000, or \$.46 per share.

REVENUES

Commission revenue decreased 25% in fiscal 1994 to \$29,158,000, largely a function of the reduced volume in the securities and futures markets and the aforementioned loss in personnel (as discussed in Item 1. - Employees). Total fiscal 1993 commission revenues decreased from 1992 due to the accounting change discussed in Note 2 to the Consolidated Financial Statements. Absent this accounting change, commission revenues increased \$1,249,000 in fiscal 1993 to \$38,718,000.

Revenues from principal transactions, which include realized and unrealized gains and losses on securities held for resale, decreased 15% to \$27,313,000 in fiscal 1994 primarily due to losses incurred as a result of volatility in the debt markets. Principal revenues rose 26% in fiscal 1993 to \$32,216,000. The Company is aggressively hiring experienced traders and

salespersons in the institutional fixed income department. Specifically, the department has expanded its expertise to include capabilities in the mortgage-backed, tax-exempt and corporate bond areas.

Interest income decreased 13% in fiscal 1994 to \$9,213,000 due to a decrease in average customer margin receivables and a reduction of firm inventory carried for sale to customers.

Fee income increased 142% in fiscal 1994 to \$7,598,000, which followed a 33% decrease in fiscal 1993 from \$4,728,000 in fiscal 1992. The timing of revenue recognition on investment banking transactions is a function of when the transactions are completed. The Company completed 18 transactions during fiscal 1994, as compared to 7 and 13 transactions during fiscal 1993 and 1992, respectively.

The Company realized nonrecurring net gains of \$2,551,000 in fiscal 1994 from the sales of its London futures and option operations and its Chicago Stock Exchange specialist operation.

EXPENSES

NONRECURRING EXPENSES AND RESTRUCTURING CHARGE

As noted above, the Company incurred several material nonrecurring expenses and a restructuring charge during fiscal 1994. These items are recorded in various financial statement line items including Employee Compensation and benefits, Professional Fees and Other Operating Expenses. Such items are summarized below by the type of transaction which gave rise to the expense or charge.

<TABLE>		
	<S>	<C>
	Ownership change transaction	\$ 6,401,000
	Restructuring charge	3,815,000
	Litigation and settlements	3,427,000
	Employee related	1,178,000
	Other	3,545,000

	Total nonrecurring expenses and restructuring charge	\$ 18,366,000
		=====

</TABLE>

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The Company incurred various expenses related to the ownership change transaction totaling \$6,401,000, which included the cost of the buyout of employee stock options held by non-executive employees undertaken in connection with the change of control, certain investment banking and professional fees, and costs related to the aforementioned change in senior management.

The Company, as part of its long-term business plan, is moving its Chicago and New York office locations. In Chicago, the Company is presently negotiating lease terms for approximately 75,000 square feet in a nearby office building, an increase from approximately 50,000 square feet in its present location. In New York, the Company will be moving to Two World Financial Center to share a floor with Abaco International Corporation, a wholly owned subsidiary of Abaco, expanding its space by approximately 10,000 square feet. The Company has recorded a restructuring charge totaling approximately \$3,815,000 related to these moves. This figure includes the costs of abandoning certain leasehold improvements and certain lease obligations for space which management believes it will be unable to sublet after the move. Any sublease revenues realized in the future will be recorded as a reduction of occupancy costs.

Rodman incurred expenses totaling \$3,427,000 related to certain legal settlements during the year ended June 24, 1994. This amount does not include the costs of normal recurring litigation inherent in day-to-day operations.

Rodman incurred certain employee related expenses totaling \$1,178,000 in connection with the severance of certain employees, employment fees and other costs associated with the new hirings.

Other nonrecurring expenses totaling \$3,545,000 include expenses and allowances incurred in connection with the termination of Rodman's high-yield fixed income securities business and liquidation of the related portfolio.

TOTAL EXPENSES

Total expenses increased \$7,987,000 to \$94,748,000 in fiscal 1994, following an increase of \$5,586,000 in fiscal 1993. The following discussion focuses on the changes in expenses after excluding the nonrecurring expenses discussed above. Those expenses were summarized above by transaction type, not by financial statement line item. They are summarized by financial statement

line item below.

Employee compensation and benefit expense, excluding nonrecurring expenses totaling \$5,358,000 as discussed above, totaled \$44,696,000, a decrease of \$5,392,000, or 11%, from 1993 amounts. This decrease is the net effect of reduced variable compensation related to the decrease in commission revenues and an increase in fixed compensation expense resulting from the employment of new management and producers.

Commissions, floor brokerage, and clearing expenses decreased 18% to \$7,141,000 in fiscal 1994, commensurate with the decrease in commission revenues. These expenses increased 4% in 1993.

Interest expense decreased 20% to \$5,714,000 in fiscal 1994 from \$7,135,000 in 1993. This is a result of lower interest rates in the first half of fiscal 1994 when customer balances were relatively unchanged from the prior year and decreased customer balances during the second half of the year. This followed an increase of 2% to \$7,135,000 in fiscal 1993.

Communication expense decreased 11% to \$6,063,000 from \$6,803,000 due to the reduction in customer and market trading activity, the sale of the London futures and option operations and negotiated reductions with

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certain communication vendors. This followed an increase in fiscal 1993 of 7% due to expansion in Cleveland and Milwaukee.

Occupancy and equipment expense decreased 8% to \$5,949,000 in fiscal 1994, primarily due to the sale of the London futures and option operations in August 1993. The increase in fiscal 1993 over 1992 of 6% was due to expansion in Cleveland and Milwaukee.

Professional fees, excluding the certain nonrecurring expenses of \$3,384,000, as discussed above, decreased 32% to \$1,843,000 in fiscal 1994 due to a reduction in consulting projects.

Other operating expenses, excluding certain nonrecurring expenses of \$5,809,000, as discussed above, increased 3% to \$4,976,000 in fiscal 1994.

The following table summarizes the changes in the major categories of revenues and expenses (including the nonrecurring expenses and restructuring charge) for the past two fiscal years:

<TABLE>
<CAPTION>

<S>	1994 vs 1993		1993 vs 1992	
	<C>	<C>	<C>	<C>
----- Increase (Decrease) -----				
REVENUES				
Commissions	\$ (9,560,000)	(25%)	\$ (2,523,000)	(6%)
Principal	(4,903,000)	(15%)	6,576,000	26%
Interest	(1,345,000)	(13%)	(290,000)	(3%)
Fee income	4,453,000	142%	(1,583,000)	(33%)
Net gain on sales of exchange memberships and related assets	2,551,000	100%	N/A	N/A
Other	(1,188,000)	(44%)	751,000	39%
	-----	---	-----	--
	\$ (9,992,000)	(11%)	\$ 2,931,000	4%
	=====	===	=====	==
EXPENSES				
Employee compensation and benefits	\$ (34,000)	0%	\$ 2,722,000	6%
Commissions, floor brokerage and clearing	(1,580,000)	(18%)	349,000	4%
Interest	(1,421,000)	(20%)	170,000	2%
Communication	(740,000)	(11%)	446,000	7%
Occupancy and equipment	(512,000)	(8%)	385,000	6%
Professional fees	2,517,000	93%	909,000	50%
Other operating expenses	5,942,000	82%	605,000	14%
Restructuring charge	3,815,000	100%	N/A	N/A
	-----	---	-----	--
	\$ 7,987,000	9%	\$ 5,586,000	7%
	=====	===	=====	==

</TABLE>

The Company recorded a net tax benefit of \$930,000 for fiscal 1994. An additional benefit of \$4,518,000, was offset by a valuation allowance pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This valuation allowance has been recognized due to the uncertainty of realizing the tax benefit of loss carryforwards and temporary differences totaling \$2,469,000 and \$2,627,000, respectively, at June 24, 1994.

Effective June 24, 1994, the Company issued to Abaco 150 shares of nonvoting preferred stock convertible into the Company's common stock. In the conversion, the \$15,000,000 preferred stock purchase price will be divided by \$7.25 to determine the number of common stock to be issued (2,068,965). The conversion remains subject to approval by the Company's stockholders, which is expected at a special meeting to be held in the fall of 1994. Upon such approval, the preferred stock held by Abaco will convert automatically without any further payment or other action by Abaco.

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In spite of the loss reported for the year ended June 24, 1994, the Company's Statement of Financial Condition at June 24, 1994 reflects a strong and liquid financial position because of the \$15,000,000 capital contribution by Abaco. Stockholders' equity prior to the contribution was \$3.41 per share. Including the recent capital addition, the total capital was \$30,589,000, or \$4.60 per share, assuming conversion of the preferred stock, and \$6.68 per share without assuming that conversion, as compared to \$30,910,000, or \$7.07 per share, at June 25, 1993. Subordinated liabilities of \$6,750,000 represented 18% of capitalization as of June 24, 1994, as compared to 20% of capitalization as of June 25, 1993.

On June 22, 1994, the Company borrowed \$10,000,000 from Confia S.A., Institucion de Banca Multiple, Abaco Grupo Financiero ("Confia, S.A."), a subsidiary of Parent. The stated due date of the loan is December 19, 1994, but it is the non-binding intention of management of the Company and Confia, S.A. to renew this borrowing at that time. Such renewal may be on different terms than the original loan, depending upon market factors and Confia, S.A.'s internal lending policies.

Rodman's various subordinated borrowings have maturities at dates within the next twelve months, as follows:

<TABLE> <S>	<C>
September 30, 1994	\$ 1,000,000
December 31, 1994	1,374,000
June 24, 1995	10,000,000
</TABLE>	

On June 30, 1994, Rodman obtained regulatory approval to repay and repaid \$1,876,000 of a subordinated note pursuant to a termination agreement.. The scheduled repayments on September 30, 1994, and December 31, 1994, will be funded from cash reserves. The \$10,000,000 subordinated borrowing is part of a senior subordinated revolving credit facility between Rodman and the Company terminating on June 15, 1998, which facility is currently funded by the Company loan from Confia, S.A. discussed above. It is the intention of management of the Company and Rodman to extend this subordinated borrowing through June 1998. To the extent that such subordinated borrowing is required for Rodman's continued compliance with minimum net capital requirements, it may not be repaid. If the subordinated debt is not repaid to the Company by Rodman and if the borrowing between the Company and Confia, S. A. is not renewed, this would require the Company to seek third party sources of funds. See Notes 11 and 14 to the Consolidated Financial Statements. All other subordinated borrowings are from unrelated parties.

The Company's assets are substantially comprised of customer-related receivables and securities inventory, both of which are highly liquid. The principal sources of financing are stockholders' equity, customer payables, proceeds from securities lending, short-term loans from banks and Confia, S.A., and other payables. Additionally, the Company maintains established lines of credit with large financial institutions which include daily demand loans, letters of credit and reverse repurchase agreements to meet financing needs. The Company does not participate in domestic merchant banking activities or bridge loans.

In fiscal 1994, the Company generated cash and cash equivalents of \$3,188,000 from operating activities. In fiscal 1993 and 1992, the Company's operations used \$7,270,000 and \$12,106,000, respectively.

In fiscal 1994, the Company generated \$3,732,000 from investing activities, primarily the result of the sale of its London futures and option operations and Chicago Stock Exchange specialist operation. In fiscal 1993 and 1992, investing activities used \$926,000 and \$724,000, respectively, primarily for the purchase of furniture and equipment.

In fiscal 1994, the Company generated \$5,957,000 from financing activities, which represents debt and equity financing from Abaco and Confia, S.A., net of reductions in short-term bank and subordinated

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borrowings. Financing activities provided \$7,848,000 and \$7,650,000 in fiscal 1993 and 1992, respectively, primarily through increases in short-term bank borrowings.

Although the Company is anticipating two office relocations during the next year, the Company is negotiating tenant build-out concessions to attempt to minimize the impact on the Company's liquidity. The Company does not anticipate any other major capital acquisitions or investments during the next year. Future expenditures, if any, are expected to be funded by cash generated from operations and other traditional means of financing.

As a registered broker-dealer and futures commission merchant, Rodman is required by the SEC and CFTC to maintain specified amounts of net capital to meet its customer obligations. See Note 14 to the Consolidated Financial Statements. As of June 24, 1994, Rodman's net capital, as defined, was \$30,703,000, which was \$25,327,000 in excess of required net capital. As of June 25, 1993, Rodman's net capital was \$15,843,000, which was \$10,790,000 in excess of required net capital.

INFLATION

The Company's assets are primarily monetary, consisting of cash, securities inventory, and receivables. These monetary assets are generally liquid and turn over rapidly and, consequently, are not significantly affected by inflation. However, the rate of inflation affects various expenses of the Company, such as employee compensation and benefits, communications, and occupancy and equipment, which may not be readily recoverable in the price of its services.

CERTAIN ACCOUNTING MATTERS

During fiscal year 1993 Rodman implemented three accounting changes:

1. Rodman changed its method of accounting for commission revenue and expenses for commodity transactions executed for introducing brokers. For 1993, the net commission retained by the Company was recorded as revenue. In previous years, the entire amount of commissions charged to customers on introducing brokers were recorded as commission expense. See Note 2 for the effects on the Financial Statements.
2. Rodman changed its method of accounting for securities owned by customers which are held as margin on future and options transactions. These securities are netted against the offsetting liability to the customer. Previously, the customer owned securities amounts were not netted.
3. Rodman adopted SFAS No. 109, "Accounting for Income Taxes." The cumulative effect of this change was an \$18,000 benefit.

Rodman believes these accounting changes better reflect the economic service and substance of the transactions.

In December 1990, the Financial Accounting Standards Board ("FASB") issued SFAS No. 106, "Accounting for Post retirement Benefits Other than Pensions." In November 1992, the FASB issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The Company currently maintains no plans which are subject to the provisions of SFAS No. 106 or SFAS No. 112. Accordingly, the implementation of SFAS No. 106 and SFAS No. 112 are expected to have no effect on the Company's financial statements.

In 1992 the FASB issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Effective for fiscal years beginning after December 15, 1993, SFAS No. 115 will require the

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Company to classify its investments in debt and qualifying equity securities into three categories: "trading," "available-for-sale" or "held-to-maturity." Securities that are classified as trading and available-for-sale are required to be recorded at fair value. The Company does not believe that the implementation of SFAS No. 115 will have a material effect on the Company's financial position or results of operations.

On April 11, 1994 the Board of Directors voted to change the Company's fiscal year end to December 31. Accordingly, the Company's next reporting period will be from June 25, 1994 through December 31, 1994.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is submitted as a separate section of this report. (See Index on page 36)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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PART III

ITEM 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The following table sets forth for each of the Company's current directors and executive officers his age, current positions with the Company, period of service and business experience for the past five years:

<TABLE>	<C>
<S>	
Alexander C. Anderson	Age 47; Director since April 11, 1994; Research Director of Abaco since 1989.
Paul C. Blackman	Age 53; Director, Executive Vice President of the Company since April 11, 1994; Senior Vice President of the Company since 1993; Senior Vice President of Dean Witter Reynolds Inc., a financial services firm, from 1990 to 1993; General Partner and National Sales Manager of Cowen & Co., a financial services firm, from 1979 to 1990.
Eduardo Camarena Legaspi	Age 44; Director since 1993; Chief Executive Officer of Abaco since 1991; Director of Abaco since 1985, Director of Parent since 1992 and Director of Confia, S.A., since 1991.
Charles W. Daggs, III	Age 47; Director, President and Chief Executive Officer of the Company and President of Rodman since April 11, 1994; Senior Managing Director, Bear Stearns & Co., Incorporated, a financial services firm, from 1991 to 1994; Chairman and Chief Executive Officer of Sutro & Co. Incorporated, a financial services firm, from 1986 to 1990.
Jorge Antonio Garcia Garza	Age 33; Director since 1993; General Counsel, Secretary of the Board of Directors of Parent since 1992; General Counsel of Abaco since 1985 and Secretary of Abaco's Board of Directors since 1986; General Counsel of Confia, S.A. since 1992, Secretary of the Board of Directors of Confia, S.A. since 1993 and Director of Confia, S.A. since 1991.
John T. Hague	Age 39; Executive Vice President and Chief Financial Officer of the Company since June 28, 1994; Executive Vice President and Director of Internal Audit of the Company from April 11, 1994 to June 28, 1994; Senior Manager with Deloitte & Touche, a certified public accounting firm, from 1990 to April, 1994; partner with Spicer & Oppenheim, a certified public accounting firm, from 1988 to 1990.
Francis L. Kirby	Age 50; Director since September 8, 1994; Executive Vice President of the Company since June 24, 1994; Senior Vice President of Oppenheimer & Co., Inc., a financial services firm, from May 1993 to June 1994; Director and Executive Vice President of the Company prior thereto.
</TABLE>	

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<TABLE>	<C>
<S>	
Scott H. Lang	Age 48; Director since 1985; Executive Vice President of the Company and Managing Director of Rodman's Investment Banking Department since 1986. Mr. Lang also serves as a director of Pacific International Services Corp. and of Thomas Group, Inc.
Jorge Lankenau Rocha	Age 50; Chairman of the Board of the Company and Director since 1993; Chairman of the Board of Parent since 1992 and of Abaco since 1985; Chief Executive Officer of Abaco from 1985 to 1991; Chairman of the Board and Chief Executive Officer of Confia S.A., since 1991.
Thomas E. Meade	Age 53; Director since March 18, 1994; Founder and President of Private Capital Management, Inc., an investment management firm, since 1993; President of Fidelity Brokerage, a securities brokerage firm, from 1992 to 1993; President

of Kemper Securities/Boettcher, a securities brokerage firm, from 1988 to 1992.

Mauricio Morales Sada

Age 33; Director since 1993; Vice President of Sales of Abaco since 1993; securities broker for Abaco prior thereto.

Richard Pigott

Age 54; Director since March 18, 1994; corporate merger and acquisition advisor and private investor since 1988.

Keith F. Pinsoneault

Age 47; Executive Vice President and Chief Operating Officer of the Company since September 8, 1994; Executive Vice President of the Company since June 1, 1994; Senior Portfolio Manager for Harris Bretall Sullivan & Smith from 1991 to June 1994; Portfolio Manager for McCullough Andrews & Cappiello from 1990 to 1991; President and Chief Operating Officer of Sutro & Co. Incorporated prior thereto.

David S. Ruder

Age 65; Director since 1993; Professor of Law, Northwestern University School of Law; partner in the Chicago office of Baker & McKenzie, an international law firm, from 1990 to June 1994 and Senior Counsel since June 1994; Chairman of the Securities and Exchange Commission from 1987 to 1989; Member of the Board of Governors of the National Association of Securities Dealers, Inc., from 1990 to 1993. Mr. Ruder also serves as a Director of Quixote Corporation.

Joseph P. Shanahan

Age 47; Director since 1993; President since 1992 of Abaco International Corporation, a wholly-owned subsidiary of Abaco and a registered broker-dealer and member of the National Association of Securities Dealers, Inc., based in New York City; Vice President of the Company and President of Rodman from January to April, 1994; Treasurer/Managing Director of Keane Securities Co., from 1980 to 1990, and consultant to Excalibur Management, Ltd., from 1990 to 1992.

</TABLE>

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<TABLE>

<S>

David H. Shulman

<C>

Age 32; Managing Director of Rodman's Fixed Income Group since February 14, 1994; Rodman's First Vice President and Sales Manager for New York Taxable Fixed Income from 1990 to February 14, 1994; Vice President of Institutional Sales for Salomon Brothers, an investment banking firm, prior thereto.

Frederick G. Uhlmann

Age 64; Director from 1989 to 1993 and since April 11, 1994; Executive Vice President of the Company and Rodman since 1990; Senior Vice President of the Company and Rodman from 1988 to 1990.

James D. Van De Graaff

Age 34; Executive Vice President, General Counsel and Secretary of the Company since March 14, 1994; Attorney with Baker & McKenzie, attorneys at law, since 1987.

</TABLE>

All directors of the Company will serve until the next annual meeting of the stockholders and until their successors have been elected and have qualified. All officers of the Company serve at the discretion of the Board of Directors. Certain of the Company's executive officers serve as officers and directors of other subsidiaries of the Company not specified in the preceding discussion. There is no family relationship among any of the executive officers or directors of the Company.

Pursuant to the Acquisition Agreement dated as of November 17, 1993 (the "Acquisition Agreement") among the Company, Abaco and Parent, the Company's Board of Directors (i) amended the Company's by-laws to (A) provide for not less than eleven and not more than 21 directors, (B) eliminate the staggered board provisions, (C) provide that directors must be Independent Directors (as defined below), Parent Directors (as defined below), or employees of the company or its affiliates and (D) provide that the term of any director who ceases to qualify as provided in clause (C) will terminate, and (ii) reconstituted the Company's Board to consist of Parent Directors, Independent Directors and Company Directors (as defined below).

An "Independent Director" means any person designated by Parent who (i) is in fact independent and qualifies as an independent director in accordance with the New York Stock Exchange Rules, (ii) is not connected with Parent or the Company or any of their respective affiliates as an officer, employee, trustee, partner, director (other than of the Company) or person performing similar functions and (iii) has not been employed by the Company or any of its subsidiaries during the preceding year. Messrs. Meade and Pigott are the current Independent Directors. "Parent Directors" means such persons as are designated by Parent. Messrs. Anderson, Camarena, Daggs, Garcia, Lankenau, Morales, Ruder and Shanahan are the current Parent Directors. "Company Directors" currently means the following persons: Messrs. Blackman, Kirby, Lang and Uhlmann; provided that in the event that any of such directors

resigns or otherwise ceases to be a director for any reason, then, until December 21, 1996, the other Company Directors will have the right, by majority vote, to designate a replacement for such director except in situations involving reduction of the number of directors, which during such period will in no event reduce the number of Company Directors below three. There is currently one vacancy among the directorships held by Company Directors. The other Company Directors designated Messrs. Blackman, Kirby and Uhlmann pursuant to this provision. The Acquisition Agreement provides that until December 21, 1996, (i) the Board will consist of not less than eleven directors and that the number of Parent Directors will be equal to one more than the total number of other Directors, who will consist solely of two Independent Directors and the Company Directors, and (ii) the Board's audit committee and compensation committee shall consist solely of Independent Directors.

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STOCK OWNERSHIP AND TRADING REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than 10% of the Company's common stock to file initial stock ownership reports and reports of changes in ownership with the SEC and the NYSE. They also must furnish a copy of these reports to the Company. Kurt B. Karmin, former chairman and chief executive officer and a former director of the Company, informed the Company that, in addition to delinquencies reported in the Company's proxy statement dated April 25, 1994, during the Company's last fiscal year Mr. Karmin filed two late Form 4s with respect to two transactions.

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ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation for each of the Company's last three completed fiscal years for the following persons (the "named executive officers"): each person serving as the Company's chief executive officer during the last completed fiscal year, the Company's four most highly compensated executive officers, other than the chief executive officer, at the end of the last fiscal year, and one additional individual who would have been among the four most highly compensated executive officers but for the fact that he was not serving as an executive officer at the end of the fiscal year.

SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Underlying Options (#)	All Other Compensation (\$ (3))
		Salary (\$)	Bonus (\$ (1))	Other Annual Compensation (\$ (2))		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Charles W. Daggs III(4) President and Chief Executive Officer	1994	68,269	500,000	-0-	100,000	10,000
Scott H. Lang Executive Vice President	1994	150,000	437,257	9,191	-0-	873
	1993	150,000	-0-	3,089	8,500	8,441
	1992	150,000	225,160	1,922	-0-	
David H. Shulman(5) Managing Director, Rodman Fixed Income Group	1994	299,363	-0-	1,031,263	5,000	873
Frederick G. Uhlmann Executive Vice President	1994	153,333	100,000	153,893	-0-	873
	1993	100,000	25,000	163,408	2,250	3,841
	1992	100,000	25,000	105,708	-0-	
Kurt B. Karmin(8) Chairman of the Board of Directors and Chief Executive Officer	1994	43,750	-0-	165,178	-0-	-0-
	1993	75,000	40,083	236,697	15,000	16,263
	1992	75,000	72,000	294,769	-0-	
Victor C. Chigas(6)	1994	-0-	15,619	480,514	-0-	-0-

Executive Vice President	1993	-0-	56,741	1,164,444	14,000	47,686
	1992	-0-	-0-	984,093	-0-	
Lawrence R. Helfand(7)	1994	125,000	-0-	143,087	-0-	-0-
Executive Vice President	1993	100,000	60,000	137,475	10,000	12,182
	1992	100,000	50,000	115,912	-0-	

</TABLE>

22

23						
<TABLE>						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Norman E. Mains (8)	1994	275,000	-0-	29,915	-0-	873
President and Chief	1993	275,000	40,083	166	12,000	17,546
Executive Officer	1992	258,333	98,000	162	15,000	
Joseph P. Shanahan (9)	1994	-0-	-0-	-0-	-0-	-0-

</TABLE>

(1) Except where otherwise noted in the footnotes, bonuses were based on profitability of the specific department or area, or multiple departments or areas, over which the executive had direct responsibility.

(2) These amounts primarily consist of commissions earned from securities and commodities transactions, and include amounts voluntarily deferred under the Company's Voluntary Deferred Compensation Plan.

(3) Amounts included under "All Other Compensation" consist of (i) Company matching funds under the Company's Retirement and Savings Plan and (ii) in the case of Mr. Daggs, \$10,000 in relocation expenses. In accordance with the transitional provisions of the rules on executive officer compensation adopted by the SEC, "All Other Compensation" information is excluded for the Company's 1992 fiscal year.

(4) Mr. Daggs joined the Company as President and Chief Executive Officer on April 11, 1994. The amount in the bonus column reflects a one-time signing bonus that he received on May 13, 1994.

(5) Mr. Shulman became an executive officer of the Company on February 14, 1994.

(6) On January 10, 1994, Mr. Chigas was terminated as an officer of the Company.

(7) Mr. Helfand resigned as an officer of the Company on September 16, 1994.

(8) Mr. Karmin was Chairman of the Board and Chief Executive Officer of the Company during a portion of the 1994 fiscal year. On November 16, 1993, he stepped down as Chief Executive Officer, while remaining as Chairman of the Board, and Mr. Norman E. Mains, previously President and Chief Operating Officer, was elected to the additional position of Chief Executive Officer. On January 10, 1994, Mr. Karmin resigned as Chairman of the Board and Mr. Mains was terminated as an officer of the Company. On January 23, 1994, Mr. Karmin resigned as an employee of the Company.

(9) Mr. Shanahan has been President of Abaco International Corporation since 1992. Mr. Shanahan held the office of Executive Vice President of the Company with powers of the Chief Executive Officer from January 10, 1994 to April 11, 1994. During that time, he remained an employee of Abaco International Corporation and received no compensation from the Company.

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The following table presents information as to stock option awards to each of the named executive officers during the fiscal year ended June 24, 1994. No stock appreciation rights were granted.

OPTION GRANTS IN LAST FISCAL YEAR

<TABLE>

Individual Grants		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1)
Number of	% of Total Options	
-----		-----

Name	Securities Underlying Options Granted (#)	Granted to Employees in Fiscal Year	Exercise Price (\$/SH)	Expiration Date	5% (\$)	10% (\$)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Charles W. Daggs III	100,000 (2)	34.78%	6.50	04/11/04	78,187	167,272
Scott H. Lang	-	-	-	-	-	-
David H. Shulman	5,000 (3)	1.74%	5.625	08/30/98	33,831	72,377
Frederick G. Uhlmann	-	-	-	-	-	-
Victor C. Chigas (4)	-	-	-	-	-	-
Lawrence R. Helfand (4)	-	-	-	-	-	-
Kurt B. Karmin (4)	-	-	-	-	-	-
Norman E. Mains (4)	-	-	-	-	-	-
Joseph P. Shanahan	-	-	-	-	-	-

</TABLE>

(1) The dollar amounts in these columns project the amount that could be earned if the common stock appreciates at the annual rates indicated from the date of grant and if the options are held until the expiration dates shown. These rates of appreciation are specified by the applicable rules of the SEC and are not intended to forecast possible future actual appreciation, if any, in the Company's stock prices.

(2) Fifty percent of the options vest on June 30, 1996, and the remaining options vest on June 30, 1997. The options are exercisable upon vesting.

(3) Options vest at 20% per year cumulatively, and are exercisable upon vesting.

(4) No longer employed by the Company.

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The following table provides information as to the value of the options held by each named executive officer at June 24, 1994. The Company has not granted stock appreciation rights.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTION VALUES

<TABLE>
<CAPTION>

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at FY-End (\$) (1) Exercisable/Unexercisable
<S>	<C>	<C>	<C>	<C>
Charles W. Daggs III	-	-	-/100,000 (2)	-/-
Scott H. Lang	21,000	91,875	-/-	-/-
David H. Shulman	-	-	1,400/13,800	150/2,100
Frederick G. Uhlmann	27,000	120,375	-/-	-/-
Victor C. Chigas	16,720	75,085	-/-	-/-
Lawrence R. Helfand	32,100	156,863	-/-	-/-
Kurt B. Karmin	35,000	153,125	-/-	-/-
Norman E. Mains	35,000	192,500	-/-	-/-
Joseph P. Shanahan	-	-	-/-	-/-

</TABLE>

(1) Based on a closing stock price of \$5.25 per share on June 24, 1994.

(2) Out-of-the-money options.

REMUNERATION OF DIRECTORS

Directors who are not otherwise employed by Parent, Abaco, the Company or a subsidiary of the Company are entitled to receive:

- . \$2,500 for each meeting of the Board of Directors attended in person;
- . \$500 for each meeting of the Board of Directors attended by telephone;
- . \$2,500 for each meeting of a committee of the Board of Directors attended in person (unless such meeting is on the same day as a meeting of the Board of Directors); and
- . \$500 for each meeting of a committee of the Board of Directors attended by telephone;

provided that such directors receive a minimum remuneration of \$25,000 per fiscal year. Directors who are otherwise employed by Parent, Abaco, the Company or a subsidiary of the Company are not entitled to any additional compensation for serving as directors.

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

On June 28, 1993, the Company entered into a Change of Control Employment Agreement with Norman E. Mains, who was its President and Chief Operating Officer and a director at that time (the "Mains Agreement"). On January 10, 1994, Mr. Mains was terminated as an officer of the Company and as a result was

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ineligible to serve on its Board of Directors. The following, which is a description of the Mains Agreement, does not constitute an admission by the Company as to the enforceability of the Mains Agreement or the Company's obligation to pay Mr. Mains pursuant to its terms. The Company has thus far paid Mr. Mains certain sums while reserving all of its rights and defenses.

The Mains Agreement provided that following a Change of Control, as defined therein (which Change of Control occurred upon the consummation of Abaco's acquisition of a controlling interest in the Company), the Company would employ Mr. Mains until June 30, 1995 (the "Employment Period"), and he agreed to continue his employment with the Company until at least one year after the Change of Control. During the Employment Period, the Company could terminate him for "Cause," which included the commission of any felony, the habitual neglect of duties (other than on account of disability), willful breach of duty in the course of employment and inability to perform due to habitual alcohol or drug addiction. Mr. Mains could terminate his employment during the Employment Period for "Good Reason," which included the assignment to him of duties other than senior executive and administrative duties at least commensurate in all material respects with his experience and abilities or the Company's requiring him to be based at a location which is more than 25 miles from the location where he was employed before the Change of Control. If Mr. Mains' employment were terminated without Cause or he were to terminate employment for Good Reason, then he would be entitled to receive his base salary, bonus and benefits described below as if he had remained employed throughout the Employment Period (at the times he would have been entitled to receive such amounts). Subject to the aforementioned reservation of rights and defenses, the Company has paid Mr. Mains compensation pursuant to the Mains Agreement as specified for a termination without cause.

The Mains Agreement provides that Mr. Mains would be paid an annual base salary until June 30, 1995 ("during the Employment Period") in an amount at least equal to twelve times his highest monthly base salary during the twelve-month period before the Change of Control. (See "Summary Compensation Table" for information concerning Mr. Mains' past compensation.) In addition to the base salary, Mr. Mains would be entitled to a bonus for each fiscal year within the Employment Period in an amount equal to 2% of Pre-Tax Income (as defined in the Mains Agreement) of the Company.

The Company also entered into Change of Control Employment Agreements with other officers of the Company prior to the Abaco acquisition.

EMPLOYMENT AGREEMENTS

The Company entered into an employment agreement with Charles W. Daggs, III, who was appointed Chief Executive Officer of the Company effective April 11, 1994. Under the agreement, Mr. Daggs received a one-time signing bonus of \$500,000 on May 13, 1994. His base salary is \$300,000 per year. Further, as approved by the Company's stockholders at its June 1, 1994 meeting, Mr. Daggs will receive performance-based compensation for each of the two twelve-month periods commencing July 1, 1994 and July 1, 1995 as follows:

<TABLE> <CAPTION> Company's Income Before Taxes ("IBT") (Without Giving Effect to Performance-Based Compensation)	Performance-Based Compensation
<S>	<C>
\$0 - \$5,000,000	5% of IBT
\$5,000,000.01 - \$10,000,000	\$250,000 plus 7.5% of IBT exceeding \$5,000,000
\$10,000,000.01 - \$15,000,000	\$625,000 plus 10% of IBT exceeding \$10,000,000
More than \$15,000,000	\$1,125,000 plus percentage of IBT exceeding \$15,000,000 to be determined by the Board of Directors of the Company but not to exceed 5%.

</TABLE>

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Notwithstanding the foregoing, the performance-based compensation for each of the two twelve-month periods will be no less than \$600,000. Mr. Daggs will receive no portion of the performance-based compensation for a period unless he is employed by the Company at the end of the period.

Pursuant to the terms of his agreement, the Company also has granted to Mr. Daggs options to purchase 100,000 shares of Common Stock at a price of \$6.50 per share, the fair market value of the Common Stock on his first day of employment. 50% of such options will become exercisable on June 30, 1996, and the remaining 50% will become exercisable on June 30, 1997, in each case provided that Mr. Daggs is employed by the Company on such dates.

Mr. Daggs' agreement will be in effect through June 30, 1996, subject to extension by mutual agreement and subject to earlier termination by the Company for cause or upon Mr. Daggs' death or disability.

On February 14, 1994, Rodman also entered into an employment agreement with David H. Shulman, previously a First Vice President of Rodman, pursuant to which Mr. Shulman assumed the position of Managing Director of the Fixed Income Group of Rodman. Under the agreement, Mr. Shulman will receive fixed compensation of \$1,300,000 per year, plus additional compensation equal to 15% of the net pretax profits of the Fixed Income Group. The agreement is for a term of three years commencing February 14, 1994, although Rodman may terminate it for cause or upon Mr. Shulman's death or disability. In the event that Rodman terminates Mr. Shulman without cause, Mr. Shulman will be entitled to receive the fixed compensation plus all other employee benefits for the remainder of the term of the agreement.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since March 18, 1994, the sole members of the Company's Compensation Committee have been the Company's Independent Directors, Thomas E. Meade and Richard Pigott. Neither is or has been an officer or employee of the Company or any of its subsidiaries. In January, 1994, prior to his appointment as a Director of the Company, Mr. Meade entered into an arrangement with the Company pursuant to which the Company paid Mr. Meade a fee of \$225,000 for his assistance to the Company in its search for a new chief executive officer.

Mr. Victor C. Chigas, Mr. Norman E. Mains, Mr. Frederick C. Uhlmann and Mr. Mark G. Grant, who served during a portion of the fiscal year ended June 24, 1994 as members of the Compensation Committee, were each, during a portion of such year, executive officers of the Company. Mr. Gregory P. Quinlivan, Mr. Lawrence R. Helfand, Mr. Kenneth M. Karmin and Mr. Francis L. Kirby, who served during a portion of the fiscal year ended June 24, 1994 as members of a Stock Option Committee appointed by the Company's Board of Directors, were each, during a portion of such year, executive officers of the Company.

Mr. Vaughan R. Blake, a director of the Company during the fiscal year ended June 24, 1994, who served as a member of the Company's Compensation Committee during a portion of such year, was during that time a managing director for Creditanstalt International Advisers, Inc., an investment banking subsidiary of Creditanstalt-Bankverein, which entered into a lease of office space to the Company in November 1992 for a five-year term, at a monthly rental of approximately \$12,000 subject to certain escalation provisions. Creditanstalt-Bankverein also made a \$3.5 million subordinated loan to the Company in 1990 (simultaneously with an equity investment that has since been sold to an outside third party), bearing interest at a rate, at June 24, 1994, 6.375%. During the fiscal year ended June 24, 1994, Creditanstalt-Bankverein received interest payments from the Company aggregating \$464,673.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the beneficial ownership of the Company's Common Stock by (i) each stockholder owning more than 5% of the outstanding Common Stock, (ii) each director of the Company; (iii) each person serving as the Company's chief executive officer during the last completed fiscal year, the Company's four most highly compensated executive officers, other than the chief executive officer, at the end of the last fiscal year, and one additional individual who would have been among the four most highly compensated executive officers but for the fact that he was not serving as an executive officer at the end of the fiscal year and (iv) all current directors and executive officers of the Company as a group. Messrs. Chigas, Helfand, Karmin, and Mains are no longer employed by the Company and

all options granted to them by the Company have been cancelled. The information for all persons listed on the table is as of August 31, 1994.

<TABLE>
<CAPTION>

Identity of Holder -----	Amount and Nature of Beneficial Ownership (1) -----	Percent of Class (2) -----
<S>	<C>	<C>
Abaco (3) Montes Rocallosos 505 Sur, Residential San Agustin, 66260 Garza Garcia, N.L. Mexico	2,363,003	51.63%
Marshall S. Geller (4) 1875 Century Park East, Suite 1770 Los Angeles, California 90067	229,304	5.01%
Victor C. Chigas (5) 400 E. Randolph #3005 Chicago, IL 60601	16,720	*
Lawrence R. Helfand 860 N. Lake Shore Drive #7M Chicago, IL 60611	46,751	1.02%
Kurt B. Karmin (5) 924 Fisher Lane Winnetka, IL 60091	35,000	*
Norman E. Mains (5) 1065 Fisher Lane Winnetka, IL 60091	35,000	*
The business address of each of the following persons is: Rodman & Renshaw, Inc. 120 S. Lasalle St. Chicago, IL 60603		
Alexander Anderson (6)	0	-
Paul C. Blackman	2,575	*
eDUARDO cAMARENA LEGASPI (6)	0	-
Charles W. Daggs III	0	-
Jorge Antonio Garcia Garza (6)	0	-
Francis L. Kirby	0	-
Scott H. Lang	50,860	1.11%
Jorge Lanckenau Rocha (6)	0	-
Thomas E. Meade	0	-
Mauricio Morales Sada (6)	0	-
Richard Pigott	500	*

</TABLE>

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<TABLE>

<S>	<C>	<C>
David S. Ruder	0	-
Joseph P. Shanahan (6)	0	-
David H. Shulman	7,800	*
Frederick G. Uhlmann	35,563	*
All current directors and executive officers as a group (18 persons)	96,798	2.11%

* Less than 1%
</TABLE>

(1) Includes 22,025 shares of common stock of the Company subject to stock options vested under the Company's Incentive Stock Option Plan adopted in 1983, as amended and restated in 1988, and as amended in 1991, and exercisable within 60 days after August 31, 1994. Of those, the following numbers of shares are subject to stock options exercisable within 60 days after August 31, 1994: Mr. Shulman 400. For each of the following persons, the number of shares of common stock shown as owned in the table includes shares, as follows, subject to a contract with Abaco dated as of January 10, 1994, under which Abaco will acquire such shares in January, 1995, at a purchase price of \$10.50 per share plus interest at 4% per annum: Mr. Chigas, 16,720 shares; Mr. Helfand, 32,100 shares; Mr. Karmin 35,000 shares; Mr. Lang, 21,000 shares; Mr. Mains 35,000 shares; and Mr. Uhlmann, 27,000 shares.

(2) Pursuant to the requirements of Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934, percentage ownership is calculated as

if the shares subject to immediately exercisable stock options (including options which become exercisable within 60 days) held by the persons identified in the above table had been issued to them and were outstanding, as of August 31, 1994, or within 60 days thereafter.

- (3) Parent, Abaco Grupo Financiero, S.A. de C.V., also is deemed the beneficial owner of Abaco's common stock. The figure in the table does not include 2,068,965 shares of common stock that Abaco will receive if the conversion of its preferred stock is approved. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources. Upon such conversion, Abaco would own 4,431,968 shares, or approximately 67%, of the common stock then outstanding. Abaco also has the right to acquire common stock from the Company if the Company issues stock and the result is that Abaco beneficially owns less than 51% of the total voting power of the Company's stock. See also Note 1, above.
- (4) Based upon a Schedule 13D received from Mr. Geller.
- (5) Based upon the records of the Company's transfer agent.
- (6) Not included are 2,363,003 shares held by Abaco, of which the referenced person is a director and/or officer.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On June 22, 1994, the Company borrowed \$10,000,000 from Confia, S.A., a subsidiary of Parent. The stated due date of the indebtedness is December 19, 1994, but it is the non-binding intention of management of the Company and Confia, S.A. to renew the borrowing at that time. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources. The principal amount bears interest at a rate of 11.5% per year. The Company paid a commitment fee of \$50,000 to Confia, S.A. for the loan, which is Confia, S.A.'s standard fee for loans in such amount.

In addition, effective June 24, 1994, the Company issued to Abaco for \$15,000,000 150 shares of nonvoting preferred stock convertible into the Company's common stock at a rate of \$7.25 of the preferred

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stock purchase price per share of common stock. The conversion remains subject to approval by the Company's stockholders, which is expected at a special meeting to be held in the fall of 1994. Upon such approval, the preferred stock held by Abaco will automatically convert into 2,068,965 shares of common stock without any further payment or other action by Abaco. Following the conversion, Abaco would own 4,431,968 shares, or approximately 67%, of the common stock then outstanding.

David S. Ruder, a Director of the Company, is Senior Counsel to Baker & McKenzie. Baker & McKenzie performs legal services for the Company.

See also "Item 11 - Executive Compensation."

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K

- (a) The following documents are filed as part of this report:
 - (1) The following are Consolidated Financial Statements of Rodman & Renshaw Capital Group, Inc. and Subsidiaries:
 - Consolidated Statements of Financial Condition - June 24, 1994 and June 25, 1993.
 - Consolidated Statements of Operations - Years ended June 24, 1994, June 25, 1993, and June 26, 1992.
 - Consolidated Statements of Stockholders' Equity - Years ended June 24, 1994, June 25, 1993 and June 26, 1992.
 - Consolidated Statements of Cash Flows - Years ended June

Notes to Consolidated Financial Statements.

(2) Schedule IX Short Term Borrowings.

Schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Reports on Form 8-K

A report on Form 8-K dated March 13, 1994, was filed during the last quarter of the period covered by this report. The filing reported certain changes in the Board of Directors of the Registrant and a change in the Registrant's fiscal year under Item 5 of Form 8-K.

(c) Exhibits - The following exhibits are included herein or are incorporated herein by reference:

(3) Certificate of Incorporation and By-laws

3.1 Certificate of Incorporation

3.2 By-laws

(4) Instruments Defining the Rights of Security Holders

4.1 Certificate of Designations of Rights, Privileges and Restrictions of Series A Non-Voting Convertible Preferred Stock

(10) Material Contracts (Asterisk indicates management contracts or compensatory plans or arrangements)

- 10.1 Rodman & Renshaw Capital Group, Inc. Non-Employee Director Stock Option Plan - incorporated by reference to Exhibit A to the Company's Proxy Statement dated April 25, 1994.*
- 10.2 Rodman & Renshaw Capital Group, Inc. 1994 Stock Option Plan - incorporated by reference to Exhibit B to the Company's Proxy Statement dated April 25, 1994.*
- 10.3 Lease Agreement dated October 20, 1980 - incorporated by reference to Exhibit 10.3 to the Company's Form S-1 Registration Statement (Reg. No. 33-4649), which became effective on May 29, 1986.
- 10.4 Deferred Compensation Plan (dated January 1, 1993) - incorporated by reference to Exhibit 10(b) of the Company's Annual Report on Form 10-K for the year ended June 25, 1993.*
- 10.5 Deferred Compensation Trust (dated January 1, 1993) - incorporated by reference to Exhibit 10(c) of the Company's Annual Report on Form 10-K for the year ended June 25, 1993.*
- 10.6 Supplemental Executive Retirement Plan (dated January 1, 1993) - incorporated by reference to Exhibit 10(d) of the Company's Annual Report on Form 10-K for the year ended June 25, 1993.*
- 10.7 Supplemental Executive Retirement Trust (dated January 1, 1993) - incorporated by reference to Exhibit 10(e) of the Company's Annual Report on Form 10-K for the year ended June 25, 1993.*
- 10.8 Stock Purchase Agreement dated June 24, 1994 between the Company and Abaco Casa de Bolsa, S.A. de C.V., Abaco Grupo Financiero.
- 10.9 Loan agreement between the Company and Confia,

S.A. dated June 22, 1994.

- 10.10 Employment agreement between the Company and Charles W. Daggs, III dated April 11, 1994.*
- 10.11 Employment agreement between Rodman & Renshaw, Inc. and David H. Shulman dated February, 1994.*
- 10.12 Employment agreement between the Company and F.L. Kirby dated June 20, 1994.*

(21) Subsidiaries of the Registrant

21.1 Subsidiaries of the Registrant.

(23) Consents of Experts and Counsel

23.1 Consent of Deloitte & Touche L.L.P.

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(27) Financial Data Schedule

27.1 Financial Data Schedule.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

RODMAN & RENSHAW CAPITAL GROUP, INC.

By: /s/ Charles W. Daggs, III

Charles W. Daggs, III
President and Chief Executive Officer

Date: September 21, 1994

Pursuant to the requirements of the Securities Exchange act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/Charles W. Daggs, III Date: September 21, 1994
- - - - -
Charles W. Daggs, III
Director, Chief
Executive Officer

/s/John T. Hague Date: September 21, 1994
- - - - -
John T. Hague
Chief Financial Officer

/s/David J. Kenneth Date: September 21, 1994
- - - - -
David J. Kenneth
Treasurer

/s/Alexander C. Anderson Date: September 21 1994
- - - - -
Alexander C. Anderson
Director

/s/Paul C. Blackman Date: September 21, 1994
- - - - -
Paul C. Blackman
Director

/s/Eduardo Camarena Legaspi Date: September 21, 1994
- - - - -
Eduardo Camarena Legaspi
Director

/s/Jorge Antonio Garcia Garza Date: September 21, 1994

Director

/s/Francis L. Kirby Date: September 21, 1994

Francis L. Kirby
Director

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/s/Scott H. Lang Date: September 21, 1994

Scott H. Lang
Director

/s/Jorge Lankenau Rocha Date: September 21, 1994

Jorge Lankenau Rocha
Director

/s/ Thomas E. Meade Date: September 21, 1994

Thomas E. Meade
Director

/s/Mauricio Morales Sada Date: September 21, 1994

Mauricio Morales Sada
Director

/s/Richard Pigott Date: September 21, 1994

Richard Pigott
Director

/s/ David S. Ruder Date: September 21, 1994

David S. Ruder
Director

/s/ Joseph P. Shanahan Date: September 21, 1994

Joseph P. Shanahan
Director

/s/ Frederick G. Uhlmann Date: September 21, 1994

Frederick G. Uhlmann
Director

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RODMAN & RENSHAW CAPITAL GROUP, INC.

Report on FORM 10-K for the Fiscal Year ended June 24, 1994

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</TABLE>

INDEPENDENT AUDITORS' REPORT
 To the Board of Directors and Stockholders of
 Rodman & Renshaw Capital Group, Inc.:

We have audited the accompanying consolidated statements of financial condition of Rodman & Renshaw Capital Group, Inc. (the "Company," a majority-owned subsidiary of Abaco Casa de Bolsa, S.A. de C.V.) and subsidiaries as of June 24, 1994 and June 25, 1993, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three fiscal years in the period ended June 24, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of June 24, 1994 and June 25, 1993, and the results of their operations and their cash flows for each of the three fiscal years in the period ended June 24, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, in fiscal 1993, the Company and its subsidiaries changed its methods of accounting for commission revenues and expenses for commodity transactions executed for introducing brokers, for securities owned by customers held as margin on futures and options on futures transactions, and for income taxes.

August 19, 1994

RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
 JUNE 24, 1994 AND JUNE 25, 1993

<TABLE>
 <CAPTION>

ASSETS	1994	1993
CASH AND CASH EQUIVALENTS-(including reverse repurchase agreements: 1994 - \$13,423,000)	\$ 13,998,000	\$ 1,121,000
CASH AND SHORT-TERM INVESTMENTS REQUIRED TO BE SEGREGATED UNDER FEDERAL REGULATIONS (including reverse repurchase agreements: 1994 - \$32,500,000; 1993 - \$52,241,000)	36,837,000	62,799,000

RECEIVABLES:		
Customers	57,254,000	56,097,000
Brokers, dealers, and clearing organizations	132,458,000	130,378,000
Miscellaneous	5,726,000	7,417,000
SECURITIES OWNED - At market	40,936,000	41,011,000
MEMBERSHIPS IN SECURITY AND COMMODITY EXCHANGES -		
At cost (market value: 1994 - \$7,000,000; 1993 - \$5,735,000)	3,854,000	5,149,000
FURNITURE, FIXTURES, AND LEASEHOLD IMPROVEMENTS -		
At cost, less accumulated depreciation and amortization (1994 - \$7,408,000; 1993 - \$5,816,000)	1,987,000	3,609,000
PREPAID EXPENSES AND OTHER ASSETS	5,057,000	5,534,000
RECOVERABLE INCOME TAXES	1,979,000	329,000
DEFERRED INCOME TAXES - Net of valuation allowance: 1994 - \$4,518,000	578,000	407,000
TOTAL ASSETS	\$300,664,000	\$313,851,000
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
SHORT-TERM NOTES PAYABLE TO BANKS	\$ 23,242,000	\$ 42,215,000
SHORT-TERM NOTE PAYABLE TO AFFILIATE	10,000,000	--
PAYABLES:		
Customers	118,657,000	121,696,000
Brokers, dealers, and clearing organizations	79,828,000	83,127,000
Miscellaneous	1,082,000	3,098,000
SECURITIES SOLD BUT NOT YET PURCHASED - At market	13,788,000	15,751,000
ACCRUED COMMISSIONS	1,715,000	2,394,000
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	15,013,000	6,660,000
	263,325,000	274,941,000
LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS	6,750,000	8,000,000
STOCKHOLDERS' EQUITY:		
Convertible non-voting preferred stock, Series A, \$.01 par value; 5,000,000 shares authorized; 150 shares issued in 1994		
Common stock, \$.09 par value; 20,000,000 shares authorized; shares issued: 1994 - 4,577,000; 1993 - 4,372,000	412,000	393,000
Additional paid-in capital	30,935,000	14,774,000
Retained earnings (accumulated deficit)	(758,000)	15,743,000
	30,589,000	30,910,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$300,664,000	\$313,851,000
=====		

</TABLE>

See notes to consolidated financial statements.

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FISCAL YEARS ENDED JUNE 24, 1994, JUNE 25, 1993, AND JUNE 26, 1992

	1994	1993	1992
	----	----	----
<S>	<C>	<C>	<C>
REVENUES:			
Commissions	\$ 29,158,000	\$38,718,000	\$41,241,000
Principal	27,313,000	32,216,000	25,640,000
Interest	9,213,000	10,558,000	10,848,000
Fee Income	7,598,000	3,145,000	4,728,000
Net gain on sales of exchange memberships and related assets	2,551,000	--	--

Other	1,484,000	2,672,000	1,921,000
Total revenues	77,317,000	87,309,000	84,378,000
EXPENSES:			
Employee compensation and benefits	50,054,000	50,088,000	47,366,000
Commissions, floor brokerage, and clearing	7,141,000	8,721,000	8,372,000
Interest	5,714,000	7,135,000	6,965,000
Communications	6,063,000	6,803,000	6,357,000
Occupancy and equipment	5,949,000	6,461,000	6,076,000
Professional fees	5,227,000	2,710,000	1,801,000
Other operating expenses	10,785,000	4,843,000	4,238,000
Restructuring charge	3,815,000	--	--
Total expenses	94,748,000	86,761,000	81,175,000
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	(17,431,000)	548,000	3,203,000
INCOME TAX EXPENSE (BENEFIT)	(930,000)	310,000	1,214,000
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	(16,501,000)	238,000	1,989,000
CUMULATIVE EFFECTIVE OF CHANGE IN ACCOUNTING FOR INCOME TAXES	--	18,000	--
NET INCOME (LOSS)	\$ (16,501,000)	\$ 256,000	\$ 1,989,000
EARNINGS (LOSS) PER SHARE DATA:			
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	\$ (3.69)	\$ 0.06	\$ 0.46
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	--	--	--
NET INCOME (LOSS) PER COMMON SHARE	\$ (3.69)	\$ 0.06	\$ 0.46
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,472,000	4,366,000	4,365,000

</TABLE>

See note to consolidated financial statements.

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FISCAL YEARS ENDED JUNE 24, 1994, JUNE 25, 1993, AND JUNE 26, 1992

<TABLE>

<CAPTION>

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE, JULY 1, 1991		\$393,000	\$14,738,000	\$13,498,000	\$28,629,000
Net income for the year				1,989,000	1,989,000
BALANCE, JUNE 26, 1992		393,000	14,738,000	15,487,000	30,618,000
Net income for the year				256,000	256,000
Proceeds from issuance of 7,200 shares of common stock in connection with employee stock option plan			36,000		36,000
BALANCE, JUNE 25, 1993		393,000	14,774,000	15,743,000	30,910,000
Net loss for the year				(16,501,000)	(16,501,000)
Proceeds from issuance of					

204,920 shares of common stock in connection with employee stock option plan	19,000	1,161,000		1,180,000
Proceeds from issuance of 150 shares of convertible non-voting preferred stock, Series A, \$.01 par value		15,000,000		15,000,000
BALANCE, JUNE 24, 1994	\$ -	\$412,000	\$ (758,000)	\$30,589,000

</TABLE>

See notes to consolidated financial statements.

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 24, 1994, JUNE 25, 1993, AND JUNE 26, 1992

<TABLE>

<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (16,501,000)	\$ 256,000	\$ 1,989,000
Adjustment to reconcile net income(loss) to net cash flows from operating activities:			
Write-off of furniture, fixtures and leasehold improvements	748,000		
Gain on sale of exchange memberships and related assets	(2,551,000)	(172,000)	
Depreciation and amortization	988,000	1,093,000	1,402,000
Net changes in certain assets and liabilities:			
Cash and short-term investments required to be segregated under federal regulations	25,962,000	(19,611,000)	(27,938,000)
Receivables from and payables to customers, brokers, dealers and clearing organizations	(9,575,000)	16,192,000	11,166,000
Miscellaneous receivables	1,691,000	(4,962,000)	1,899,000
Recoverable income taxes and income taxes payable	(1,617,000)	(73,000)	897,000
Deferred income taxes	(171,000)	(686,000)	(73,000)
Securities owned	75,000	(7,032,000)	(12,035,000)
Prepaid expenses and other assets	477,000	3,185,000	(960,000)
Accounts payable and accrued expenses	8,320,000	1,685,000	1,575,000
Accrued commissions	(679,000)	64,000	528,000
Miscellaneous payables	(2,016,000)	(2,657,000)	1,712,000
Securities sold but not yet purchased	(1,963,000)	5,448,000	7,732,000
Net cash flows from operating activities	3,188,000	(7,270,000)	(12,106,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of furniture, fixtures and leasehold improvements	(438,000)	(1,302,000)	(721,000)
Sale of furniture, fixtures and leasehold improvements	324,000		
Purchase of memberships in security and commodity exchanges		(11,000)	(3,000)
Sale of exchange memberships and related assets	3,846,000	387,000	
Net cash flows from investing activities	3,732,000	(926,000)	(724,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term notes payable to banks	(18,973,000)	8,312,000	7,650,000
Proceeds from short-term note payable issued to affiliate	10,000,000		
Proceeds from issuance of notes subordinated to claims of general creditors		4,500,000	
Payment of notes subordinated to claims of general creditors	(1,250,000)	(5,000,000)	
Proceeds from issuance of common stock in connection with stock option plan	1,180,000	36,000	
Proceeds from issuance of convertible non-voting preferred stock	15,000,000		
Net cash flows from financing activities	5,957,000	7,848,000	7,650,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,877,000	(348,000)	(5,180,000)
CASH AND CASH EQUIVALENTS - Beginning of year	1,121,000	1,469,000	6,649,000
CASH AND CASH EQUIVALENTS - End of year	\$ 13,998,000	\$ 1,121,000	\$ 1,469,000

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest	\$ 5,720,000 =====	\$ 7,135,000 =====	\$ 7,252,000 =====
Cash paid for income taxes	\$ 824,000 =====	\$ 1,006,000 =====	\$ 411,000 =====

</TABLE>

See notes to consolidated financial statements.

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RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 24, 1994, JUNE 25, 1993, AND JUNE 26, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts and transactions of Rodman & Renshaw Capital Group, Inc. (the "Company") and its subsidiaries, all of which are wholly owned, including Rodman & Renshaw, Inc. ("Rodman"), the Company's principal subsidiary, which is a registered broker-dealer and futures commission merchant. All significant intercompany balances and transactions have been eliminated in consolidation. The Company's majority stockholder, Abaco Casa de Bolsa, S.A. de C.V. ("Abaco"), is a brokerage subsidiary of Abaco Grupo Financiero, S.A. de C.V. ("Abaco Grupo"). Abaco Grupo is a multi-faceted financial services holding company based in Monterey, Mexico. Abaco acquired its majority interest in the Company through a tender offer of common shares completed on December 21, 1993.

FISCAL YEAR - The Company's fiscal years are the 52/53-week accounting periods ended the last Friday in June.

REVENUE RECOGNITION - Purchases and sales of securities and the related commission revenue and expenses are recorded on a settlement date basis. The effect of recording these transactions on a trade date basis would not result in a material difference. Commodity transactions and resulting gains and losses are recorded on a trade date basis. Commission revenues and expenses related to customers' commodity transactions are recognized on a half-turn transaction basis.

CASH AND CASH EQUIVALENTS - The Company considers unrestricted cash and firm-owned investments with maturities of three months or less when purchased to be cash and cash equivalents.

REVERSE REPURCHASE AGREEMENTS - Reverse repurchase agreements are accounted for as collateralized financing transactions and are recorded at their contractual amounts, including accrued interest.

SECURITIES OWNED - Securities owned and securities sold but not yet purchased are recorded at market value. Unrealized gains and losses are included in income. Investments in limited partnerships are recorded at cost, except for those partnerships in which the Company exercises significant influence. Such investments are recorded on the basis of the Company's equity therein.

FURNITURE, FIXTURES AND LEASEHOLD IMPROVEMENTS - Furniture, fixtures and leasehold improvements are reported at cost, net of accumulated depreciation and amortization. Furniture and fixtures are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the improvements or the noncancelable period of the related lease.

INCOME TAXES - The Company and its subsidiaries file a consolidated federal income tax return. In 1994 and 1993, provision for income taxes includes deferred taxes resulting from temporary differences between the financial statement and tax bases of assets and liabilities using the liability method as required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." In

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1992, the provision for income taxes included deferred taxes based on the provisions of Opinion No. 11 of the Accounting Principles Board.

EARNINGS (LOSS) PER SHARE - Earnings (loss) per share of common stock is based on the weighted average number of shares outstanding of 4,472,000 in 1994, 4,366,000 in 1993 and 4,365,000 in 1992. The effect of stock options is not material.

PRIOR YEAR RECLASSIFICATIONS - Certain reclassifications have been made to prior years amounts to conform to current year presentations.

2. ACCOUNTING CHANGES

In the first quarter of fiscal 1993, the Company implemented the three accounting changes described below:

The Company changed its method of accounting for commission revenue and expenses for commodity transactions executed for introducing brokers. For 1994 and 1993, the net commission retained by the Company was recorded as revenue. Previously, the entire amount of commission charged to customers on introducing broker transactions was recognized as revenue, and amounts rebated to introducing brokers were recorded as commission expense. The Company believes that the change better reflects the economic services provided in introducing brokers' activities. The change did not affect net income.

The second change was in the method of accounting for securities owned by customers which are held as margin on futures and options transactions. These securities are netted against the offsetting liability to the customer. Previously, the customer-owned securities amounts were not netted. The Company believes that the change better reflects the substance of transactions with customers.

The third change was the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." A cumulative benefit in 1993 of \$18,000 resulted from this accounting change. Adoption of this Standard did not have a material effect on 1993 results.

The following schedule reflects the reported and pro forma changes related to the accounting for commission revenues and expenses on customer transactions originated from introducing brokers.

CONSOLIDATED STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

	AS REPORTED YEAR ENDED JUNE 26, 1992	PRO FORMA YEAR ENDED JUNE 26, 1992
<S>	<C>	<C>
Revenues:		
Total revenues	\$84,378,000	\$80,606,000
Expenses:		
Total expenses	\$81,175,000	\$77,403,000

</TABLE>

3. RESTRUCTURING CHARGE

In the fourth quarter of fiscal 1994, the Company recorded a restructuring charge of \$3,815,000 related to the Company's decision to move from its office space at its Chicago and New York premises. This nonrecurring charge includes write-off of leasehold improvements and charges for future obligations on noncancelable occupancy leases (net of rent abatement liability), lease termination penalties and anticipated moving costs.

Included in the restructuring charge is the noncash write-off of leasehold improvements totaling \$568,000. Restructuring charges for obligations on noncancelable occupancy leases, lease termination penalties and anticipated moving costs relate to future cash outflows. Accrued expenses at June 24, 1994 include \$2,997,000 for lease termination costs payable in future fiscal years as follows: 1995 - \$1,704,000; 1996 - \$1,205,000; 1997 - \$42,000; 1998 - \$42,000; and 1999 - \$4,000.

4. REVERSE REPURCHASE AGREEMENTS

The Company was a party to reverse repurchase agreements with various financial institutions. These agreements were made to enhance yields on amounts required to be segregated under federal regulations and to meet the financing needs of certain short security positions. The Company's

risk under the agreements is that the market values of the underlying assets become insufficient to protect the Company in the event of default by the counterparty. This risk is mitigated by the short-term nature of the agreements.

At June 24, 1994, reverse repurchase agreements totaling \$32,500,000 earned interest at rates ranging from 4.07% to 4.20%, matured at dates ranging from June 27, 1994 to June 30, 1994, and were collateralized by U.S. Treasury notes and bonds with an approximate market value of \$32,397,000, held in a designated safekeeping account pursuant to segregation requirements specified under Rule 1.26 of the Commodity Futures Trading Commission (the "CFTC"). At June 25, 1993, reverse repurchase agreements totaling \$52,241,000 earned interest at rates ranging from 2.85% to 3.15%, matured on June 28, 1993, and were collateralized by U.S. Treasury bonds with an approximate market value of \$52,339,000.

At June 24, 1994, reverse repurchase agreements of \$13,423,000, included in cash and cash equivalents, earned interest at rates ranging from 2.37% to 3.76%, matured at dates ranging from June 27, 1994 to July 21, 1994, and were collateralized by U.S. Treasury notes with an approximate market value of \$13,162,000.

5. ASSETS SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS

Rodman is required under the Commodity Exchange Act (the "Act") to account for and segregate all customer assets, as defined by the Act, in connection with transactions in regulated commodities. Rodman is holding in safekeeping \$46,580,000 and \$66,461,000 of securities owned by customers, as of June 24, 1994 and June 25, 1993, respectively. These securities are not included in the statement of financial condition. At June 24, 1994, Rodman was in compliance with the segregation requirements of the Act and had total segregated funds in excess of the aggregate required amount by \$6,136,000.

6. RECEIVABLES FROM AND PAYABLES TO CUSTOMERS

Rodman extends credit to its customers to finance their purchases of securities on margin. Rodman receives income from interest charged on such extension of credit. Customer receivables include amounts due on margin balances. Securities owned by customers and held as collateral by Rodman for these receivables are not included in the financial statements.

Customer payables include customers' free credit balances. Under certain circumstances, Rodman pays interest based on prevailing market rates on these balances.

7. RECEIVABLES FROM AND PAYABLES TO BROKERS, DEALERS, AND CLEARING ORGANIZATIONS

The components of receivables from and payables to brokers, dealers, and clearing organizations, as of June 24, 1994 and June 25, 1993, are as follows:

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Receivables:		
Margin deposits with and receivables from brokers and clearing organizations for customer commodity transactions	\$ 67,807,000	\$ 46,085,000
Securities borrowed	62,291,000	71,307,000
Securities failed to deliver	2,080,000	12,431,000
Clearing organizations	280,000	514,000
Free shipments		41,000
	-----	-----
Total	\$132,458,000	\$130,378,000
	=====	=====
Payables:		
Securities loaned	\$ 67,352,000	\$ 71,017,000
Clearing organizations	1,002,000	1,022,000
Securities failed to receive	11,474,000	11,088,000
	-----	-----
Total	\$ 79,828,000	\$ 83,127,000
	=====	=====

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8. SECURITIES OWNED

Securities owned and securities sold but not yet purchased, are recorded at quoted market prices except for limited partnerships, and comprise:

<TABLE>

<CAPTION>

	1994		1993	
	Owned	Sold But Not Yet Purchased	Owned	Sold But Not Yet Purchased
<S>	<C>	<C>	<C>	<C>
Corporate debt securities	\$18,029,000	\$ 1,379,000	\$18,548,000	\$ 9,400,000
Corporate equity securities	3,935,000	498,000	4,409,000	1,322,000
State and municipal obligations	13,246,000	214,000	8,054,000	942,000
United States and Canadian government and agency obligations	5,341,000	11,697,000	9,022,000	4,087,000
Limited partnerships	385,000		978,000	
Total	\$40,936,000	\$13,788,000	\$41,011,000	\$15,751,000

</TABLE>

Securities sold but not yet purchased commit the Company to deliver specified securities at predetermined prices. To satisfy the obligation, the Company must acquire the securities at market prices, which may differ from the values on the statement of financial condition.

9. SHORT-TERM NOTES PAYABLE TO BANKS

To finance the purchase of securities by customers on margin and purchases for its own account, Rodman borrows from commercial banks. Interest on the borrowings is paid at or below the broker call rate. The borrowings were collateralized by approximately \$30,062,000 of Rodman-owned securities and \$4,201,000 of other assets as of June 24, 1994, and \$34,071,000 of Rodman-owned securities and \$33,734,000 of customer-owned securities as of June 25, 1993.

10. SHORT-TERM NOTE PAYABLE TO AFFILIATE

The Company entered into a note agreement with Confia, S.A., an affiliate of Abaco, at an annual rate of interest of 11.50%. The principal amount of \$10,000,000 and interest on the principal amount is due in full on December 19, 1994.

11. LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS

As of June 24, 1994, the Company has the following subordinated notes outstanding:

<TABLE>

<S>

<C>

Subordinated note, interest payable semi-annually, based on LIBOR at beginning of interest period plus 3.25% (7.44% at June 24, 1994), due \$1,000,000 on September 30, 1994 and \$2,500,000 on September 30, 1995	\$3,500,000
Subordinated note, interest payable semi-annually at an annual rate of 6.375%, due \$1,876,000 on June 30, 1994 and \$1,374,000 on December 31, 1994	3,250,000
Total	\$6,750,000

</TABLE>

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The subordinated notes are covered by agreements approved by the New York Stock Exchange, Inc. (the "NYSE") and the Chicago Mercantile Exchange, and are available in computing adjusted net capital under the uniform net capital rule of the Securities and Exchange Commission ("SEC"). To the extent that such notes are required for Rodman's continued compliance with minimum net capital requirements, they may not be repaid. The rights of the note holders to receive any payment from

Rodman under the terms of the notes are subordinated to the claims of all present and future creditors of Rodman which arise prior to maturity. Under the terms of the note agreements, the Company must meet various financial requirements specified in the agreements.

On December 31, 1993, Rodman entered into a termination agreement which modified the original repayment terms of the \$3,250,000 subordinated note and fixed the interest rate at 6.375% annually.

12. PREFERRED STOCK

The Company is authorized to issue 5,000,000 shares of \$0.01 par value per share preferred stock. On June 24, 1994, the Company issued 150 shares of convertible nonvoting Preferred Stock, Series A (the "Preferred Stock") at \$100,000 per share issued to Abaco. The Preferred Stock will be converted into 2,068,965 shares of common stock at \$7.25 per share upon the approval of such conversion by the stockholders of the Company. After December 30, 1994, if the conversion has not occurred, each share is entitled to receive quarterly cash dividends at a rate based on the Prime Rate plus two percent per annum. Dividends on the Preferred Stock are cumulative and payable when declared by the Company's Board of Directors. No cash dividends or distribution upon liquidation may be paid on the Company's common stock if dividends or required redemptions of Preferred Stock are in arrears.

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13. STOCK OPTIONS

The Company's stock option plans provide for the granting of options to officers, directors, nonemployee directors, and employees to purchase shares of common stock at not less than market value on the date of grant. All options expire no later than ten years from the date of grant. Prior to June 24, 1993, the Company had also granted non-qualified stock options. A summary of stock option activity follows:

<TABLE>
<CAPTION>

	QUALIFIED		NONQUALIFIED	
	NUMBER OF SHARES	PER SHARE OPTION PRICE	NUMBER OF SHARES	PER SHARE OPTION PRICE
<S>	<C>	<C>	<C>	<C>
Outstanding at June 30, 1991	952,880	\$ 5.00 - 10.50	30,200	\$ 5.00 - 6.13
Granted	111,950	5.00 - 6.00	35,800	5.00 - 7.50
Canceled	(67,390)	5.00 - 10.50	(23,200)	5.00 - 7.50
	-----		-----	
Outstanding at June 26, 1992	997,440	5.00 - 8.00	42,800	5.00 - 7.50
Granted	311,775	5.00 - 6.38	71,275	5.00 - 6.38
Canceled	(194,300)	5.00 - 8.00	(37,400)	5.00 - 7.50
Exercised	(7,200)	5.00 - 5.00	-	
	-----		-----	
Outstanding at June 25, 1993	1,107,715	5.00 - 7.00	76,675	5.00 - 6.38
Granted	121,500	5.00 - 6.92	166,050	
Canceled	(692,770)	5.00 - 7.00	(83,780)	5.00 - 6.13
Exercised	(204,820)	5.00 - 6.38	(100)	5.00 - 5.00
	-----		-----	
Outstanding at June 24, 1994	331,625	5.00 - 6.50	158,845	5.00 - 6.38
	=====		=====	

</TABLE>

Options outstanding at June 24, 1994 are exercisable at an average price of \$5.52.

Effective June 30, 1993, the Company granted an aggregate of 166,050 nonqualified stock options to certain employees, 106,900 of which remained outstanding at June 24, 1994. These nonqualified options were not granted pursuant to a stock option plan.

In fiscal 1994, the Company's Board of Directors and stockholders approved the 1994 Stock Option Plan effective June 1, 1994, pursuant to

which the Company may issue nonqualified or qualified options. There were 100,000 stock options granted under this plan for the year ended June 24, 1994, and 900,000 unoptioned shares reserved and available for grant as of June 24, 1994. Options granted under this plan expire no later than ten years from the date of grant.

In fiscal 1994, the Company's Board of Directors and stockholders approved the nonqualified Nonemployee Director Stock Option Plan effective June 1, 1994. There were no stock options granted under this plan for the fiscal year ended June 24, 1994, and 400,000 unoptioned shares reserved and

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available for grant as of June 24, 1994. Options granted under this plan expire ten years from the date of grant.

Pursuant to the Acquisition Agreement, certain employees canceled stock options which were exercisable prior to the Tender Closing Date in consideration of the payment by the Company of an amount equal to the excess of \$10.50 over the per share exercise price of such options, multiplied by the number of options exercisable. The cancellation of 445,240 shares of stock options resulted in the payment of \$2,027,000 which was recorded as employee compensation expense in the fiscal year ended June 24, 1994.

14. NET CAPITAL REQUIREMENTS AND DIVIDEND RESTRICTIONS

As a registered broker-dealer and futures commission merchant, Rodman is subject to the minimum net capital rules of the SEC (Rodman has elected to use the alternative net capital method permitted by these rules), the CFTC, and the capital rules of the NYSE, of which Rodman is a member. These rules require that Rodman maintain minimum net capital, as defined, equal to the greater of 2% of aggregate debits arising from customer transactions or \$1,000,000, or 4% of the funds required to be segregated for customers pursuant to the Commodity Exchange Act, exclusive of the market value of commodity options purchased by option customers. The NYSE may require a member firm to reduce its business if its net capital is less than the greater of \$125,000 or 6% of the funds required to be segregated and may prohibit a member firm from expanding its business or paying cash dividends if resulting net capital would be less than the greater of \$150,000 or 7% of the funds required to be segregated.

As of June 24, 1994, Rodman's net capital, as defined, of \$30,703,000 was \$25,327,000 in excess of the minimum required net capital.

15. COMMITMENTS AND CONTINGENCIES

Rodman leases office space and certain equipment under operating leases. Leases for office facilities are subject to escalation factors based on the operating experience of the lessor. Future minimum lease payments under noncancelable operating leases with terms in excess of one year, as of June 24, 1994, are as follows:

<TABLE>

<S>	<C>
1995	\$2,075,000
1996	1,800,000
1997	1,455,000
1998	987,000
1999	687,000
2000 and thereafter	1,301,000

Total minimum lease payments	\$8,305,000
	=====

</TABLE>

The aggregate annual rentals charged to operations were \$2,656,000 in fiscal 1994, \$2,527,000 in fiscal 1993, and \$2,456,000 in fiscal 1992.

Rodman had a letter of credit of \$2,250,000 on deposit with a clearing organization at June 24, 1994 and June 25, 1993. The letter of credit satisfies a margin requirement and is collateralized by customer-owned securities.

Rodman, together with various other broker-dealers, corporations, and individuals, has been named as a defendant in several class action lawsuits that allege violations of federal and state securities laws, and claim substantial damages. Rodman is also a defendant in other civil actions, arbitration proceedings and claims pending incidental to its securities and commodities business. Although the ultimate outcome of these matters cannot be ascertained at this time, it is the opinion of management of the Company, after consultation with outside counsel, that the resolution of these matters will not result in any material adverse effect on the Company's financial position or results of operations.

16. BENEFIT PLANS

Rodman established a defined-contribution Retirement Savings Plan (the "Savings Plan") on July 1, 1990, available to employees with one year and a minimum of 1,000 hours of service. Under the Savings Plan, Rodman matches employee contributions up to 25 percent of an employee's before-tax contributions. Rodman's matching contributions were \$153,000 in fiscal 1994, \$145,000 in fiscal 1993, and \$115,000 in fiscal 1992.

On January 1, 1993, Rodman adopted the Supplemental Executive Retirement Plan (the "SERP") and the Deferred Compensation Plan (the "DCP"), retroactively to June 27, 1992. The SERP and DCP cover designated senior employees. Under the DCP, eligible employees may elect to defer compensation up to a maximum of 60 percent of base compensation and 100 percent of annual bonus. The minimum contribution is \$200 per month. Contributions to the DCP are fully vested and nonforfeitable.

The SERP is a nonqualified, discretionary retirement plan. Company contributions to the SERP are determined annually, at the Company's discretion based upon eligibility and bonus formulas. Participants in the SERP vest in accordance with a ten-year schedule, based upon the annual eligibility. Benefits are payable upon retirement or death. The Company has the right to terminate the SERP at any time. The SERP assets consist of insurance annuity products.

17. INCOME TAXES

The components of the income tax expense (benefit) are as follows:

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Current:			
Federal	\$ (942,000)	\$193,000	\$1,028,000
State	183,000	214,000	259,000
Deferred federal	(171,000)	(97,000)	(73,000)
	-----	-----	-----
Total income tax expense (benefit)	\$ (930,000)	\$310,000	\$1,214,000
	=====	=====	=====

</TABLE>

A deferred federal tax benefit of \$18,000 also was recorded in fiscal 1993 as the cumulative effect of the change in accounting for income taxes.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of June 24, 1994 and June 25, 1993:

	1994	1993
	<C>	<C>
Deferred tax assets:		
Net operating loss carryforward	\$2,469,000	
Restructuring charges	1,297,000	
Employee compensation and benefits	806,000	197,000
Allowance for bad debts	248,000	136,000
Other	861,000	695,000
	-----	-----

Total assets	5,681,000	1,028,000
Deferred tax liabilities:		
Partnership interests	542,000	553,000
Prepaid insurance	43,000	68,000
Total liabilities	585,000	621,000
Net deferred tax asset	5,096,000	407,000
Valuation allowance	4,518,000	
Deferred income taxes	\$ 578,000	\$ 407,000

</TABLE>

The valuation allowance has been recognized due to the uncertainty of realizing the benefit of the loss carryforwards and temporary differences. The net deferred tax asset balance of \$578,000 is expected to be realized in connection with the Company's intended tax strategies.

A reconciliation of the effective income tax rate to the statutory federal income tax rate is as follows:

	1994	1993	1992
<S>	<C>	<C>	<C>
Statutory rate	(34.0) %	34.0 %	34.0 %
City and state income taxes, net of federal benefit:			
New York City	0.5	15.2	3.5
Other	0.2	10.6	1.8
Goodwill amortization		9.7	2.8
Nondeductible interest	0.2	10.7	2.0
Tax-exempt interest	(0.8)	(31.7)	(5.3)
Net cash surrender value of keyman life insurance	(0.5)	(18.4)	(2.6)
Political contributions	0.1	4.4	0.4
Travel and entertainment	0.2	6.3	2.0
Valuation allowance	25.9		
Other	2.9	15.8	(0.7)
Effective rate	(5.3) %	56.6 %	37.9 %

</TABLE>

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18. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company enters into transactions in financial instruments with off-balance sheet risk in order to meet the financing and hedging needs of its customers and to facilitate its normal principal trading activities. These financial instruments include forward and futures contracts on domestic and foreign exchanges, option contracts, security transactions and other contracts committing the Company to purchase or deliver other instruments at specified future dates and prices, or to make or receive payments based on notional amounts and specific rates.

The financial instruments involve varying degrees of off-balance sheet market risk. Market risk is the potential change in value of the financial instrument caused by unfavorable changes in interest rates, foreign currency exchange rates or the market values of the securities underlying the instruments. The Company monitors its exposure to market risk through a variety of control procedures, including daily review of trading positions.

Counterparties to the Company include domestic and foreign corporations, governments and institutional and individual investors. Counterparty credit risk is measured by the loss the Company would record if its counterparties failed to perform pursuant to terms of their obligations to the Company. The exposure to credit risk associated with the nonperformance of these counterparties in fulfilling their contractual obligations pursuant to securities and commodities transactions can be directly impacted by volatile trading markets which may impair the counterparties' ability to satisfy their obligations. The Company controls such risks by requiring minimum margins for open positions in accordance with regulatory and Company guidelines. The Company subjects minimum margin levels to daily monitoring procedures and may require additional collateral to be deposited with or returned to the Company when deemed necessary. Market declines could, however, reduce the value of any collateral below the principal amount loaned, plus accrued interest, before the collateral can be sold.

The Company's customer financing and securities settlement activities permit it to pledge customer margin securities as collateral in support of various secured financial sources such as bank loans and securities loaned. Additionally, the Company pledges customer securities as collateral to satisfy margin deposit requirements of various exchanges. In the event the counterparty is unable to meet its contracted obligation to return customer securities pledged as collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. Credit limits are also established for such activities and compliance is monitored on a daily basis.

The Company's counterparties primarily consist of domestic and foreign corporations, governments, and institutional and individual investors. Concentrations of credit risk can be affected by change in economic, industry or geographic factors. The Company seeks to control the potential for risk concentration through a variety of control procedures described above.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company believes that the carrying amount of its financial instruments is a reasonable estimate of fair value. Assets, including cash and cash equivalents, cash and short-term investments required to be segregated under federal regulations, and certain receivables are carried at fair value or contracted

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amounts which approximate fair value. Similarly, liabilities including short-term notes payable to banks and certain payables are carried at amounts approximating fair value.

Securities owned and commitments for securities sold but not yet purchased are carried at fair value. Fair value for these instruments is estimated using available market quotations for traded instruments. Market quotations for traded instruments are obtained from various sources, including the major securities exchanges and dealers.

The estimated fair value of the Company's liabilities subordinated to the claims of general creditors, determined using discounted cash flow analysis based upon borrowing rates for similar types of borrowing arrangements, approximates carrying value.

20. ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED

In 1992, the Financial Accounting Standards Board ("FASB") issued Statement of financial Accounting Standard ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Effective for fiscal years beginning after December 15, 1993, SFAS No. 115 will require the Company to classify its investments in debt and qualifying equity securities into three categories: "trading," "available-for-sale" or "held-to-maturity." Securities that are classified as trading and available-for-sale are required to be recorded at fair value.

The Company does not believe that the implementation of SFAS No. 115 will have a material effect on the Company's financial position or results of its operations as the Company's debt and equity securities are currently recorded at fair value.

21. SUBSEQUENT EVENT

On June 30, 1994, the Company obtained regulatory approval to repay \$1,876,000 of a subordinated note pursuant to a termination agreement.

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SCHEDULE IX
SHORT-TERM BORROWINGS

<TABLE>
<CAPTION>

Category of Aggregate Short-Term Borrowings (1)	Balance at End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During Period	Average Amount Outstanding During Period (2)	Weighted Average Interest Rate During Period (3)
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Year Ended June 24, 1994	\$23,242,000	5.2%	\$72,765,000	\$36,706,000	4.6%
Year Ended June 25, 1993	42,215,000	4.2%	79,878,000	52,239,000	4.2%
Year Ended June 26, 1992	30,250,000	5.9%	71,000,000	39,786,000	4.9%

</TABLE>

(1) Represents borrowings under line of credit arrangements that have no termination date but are reviewed annually. These borrowings are secured by customer and firm-owned securities.

(2) The average amount outstanding during each period was computed by dividing the total of month-end outstanding principal balances by 12.

(3) The weighted average interest rate during the period was computed by dividing the actual interest expense by the average short-term borrowings outstanding during the period.

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EXHIBIT INDEX

Exhibit -----	Page Number -----
3.1 Certificate of Incorporation	
3.2 By-laws	
4.1 Certificate of Designations of Rights, Privileges and Restrictions of Series A Non-Voting Convertible Preferred Stock	
10.1 Rodman & Renshaw Capital Group, Inc. Non-Employee Director Stock Option Plan	*
10.2 Rodman & Renshaw Capital Group, Inc. 1994 Stock Option Plan	*
10.3 Lease Agreement dated October 20, 1980	*
10.4 Deferred Compensation Plan (dated January 1, 1993)	*
10.5 Deferred Compensation Trust (dated January 1, 1993)	*
10.6 Supplemental Executive Retirement Plan (dated January 1, 1993)	*
10.7 Supplemental Executive Retirement Trust (dated January 1, 1993)	*
10.8 Stock Purchase Agreement dated June 24, 1994 between the Company and Abaco Casa de Bolsa, S.A. de C.V., Abaco Grupo Financiero	
10.9 Loan agreement between the Company and Confia, S.A. dated June 22, 1994	
10.10 Employment agreement between the Company and Charles W. Daggs, III dated April 11, 1994	
10.11 Employment agreement between	

Rodman & Renshaw, Inc. and David H.
Shulman dated February, 1994

10.12 Employment agreement between the Company
and F.L. Kirby dated June 20, 1994

21.1 Subsidiaries of the Registrant

23.1 Consent of Deloitte & Touche L.L.P.

27.1 Financial Data Schedule

* Incorporated by reference

RESTATED CERTIFICATE OF INCORPORATION
OF
RODMAN & RENSHAW CAPITAL GROUP, INC.

In accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware, Rodman & Renshaw Capital Group, Inc. does hereby amend and restate its Certificate of Incorporation. Rodman & Renshaw Capital Group, Inc. was incorporated under the name R&R Holding, Inc., and the original Certificate of Incorporation was filed with the Secretary of State on November 20, 1980. This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation in accordance with Sections 242 and 245 of the Delaware General Corporation Law, as amended. This Restated Certificate of Incorporation was duly adopted by the stockholders of the Corporation by written consent pursuant to Section 228 and in accordance with Sections 242 and 245 of the Delaware General Corporation Law, as amended.

The text of the Restated Certificate of Incorporation reads as hereafter set forth in full.

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is Rodman & Renshaw Capital Group, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

SECTION 1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 25,000,000 consisting of (1) 5,000,000 shares of Preferred Stock, par value \$.01 per share ("Preferred Stock") and (2) 20,000,000 shares of Common Stock, par value \$.09 per share ("Common Stock").

SECTION 2. The Board of Directors is hereby expressly authorized by resolution or resolutions, to provide, out of the unissued Preferred Stock, for series of Preferred Stock. Before any shares of any such series are issued, the Board of Directors shall fix, and hereby is expressly empowered to fix, by resolution or resolutions, the following provisions of the shares thereof:

(a) the designation of such series, the number of shares to constitute such series and the stated value thereof if different from the par value thereof;

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(b) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of this class;

(d) whether the shares of such series shall be subject to redemption by the Corporation, and if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary and involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of this class or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition of any other class or any other series of this class;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of this class or any other class; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

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The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative.

SECTION 3. Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held of record on all matters on which stockholders generally are entitled to vote. Subject to the provisions of law and the rights of Preferred Stock and any other class or series of stock having a preference as to dividends over the Common Stock then outstanding, dividends may be paid on the Common Stock at such times and in such amounts as the Board of Directors shall determine. Upon the dissolution, liquidation or winding up of the Corporation, after any preferential amounts to be distributed to the holders of the Preferred Stock and any other class or series of stock having a preference over the Common Stock then outstanding have been paid or declared and set apart for payment, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them respectively.

ARTICLE IV

The nature of the Corporation's business, and the object or purpose to be transacted, promoted or carried on by the Corporation, is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware, including, without in any way limiting the generality of the foregoing:

(a) To purchase, own, and hold the stock of other corporations, and to do every act and thing covered generally by the denomination "holding corporation", and to direct the operations of other corporations through the ownership of stock therein; to purchase, subscribe for, acquire, own, hold, sell, exchange, assign, transfer, create security interests in, pledge, or otherwise dispose of shares or voting trust certificates for shares of the capital stock, or any bonds, notes, securities or evidences of indebtedness created by any other corporation or corporations organized under the laws of the State of Delaware or any other state or district or country, nation, or government and also bonds or evidences of

indebtedness of the United States or of any state, district, territory, dependency or country or subdivision or municipality thereof; to issue in exchange therefor shares of the capital stock, bonds, notes, or other obligations of the Corporation and while the owner thereof to exercise all the rights, powers, and privileges of ownership including the right to

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vote on any shares of stock or voting trust certificates so owned; to promote, lend money to, and guarantee the dividends, stocks, bonds, notes, evidences of indebtedness, contracts, or other obligations of, and otherwise aid in any manner which shall be lawful, any corporation or association of which any bonds, stocks, voting trust certificates, or other securities or evidences of indebtedness shall be held by or for the Corporation, or in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts and things permitted by law and designed to protect, preserve, improve, or enhance the value of any such bonds, stocks, or other securities or evidences of indebtedness or the property of the Corporation.

(b) To borrow money for any business, object or purpose of the Corporation from time to time, without limit as to amount; to issue any kind of evidence of indebtedness, whether or not in connection with borrowing money, including evidence of indebtedness convertible into shares of capital stock of the Corporation; to secure the payment of any evidence of indebtedness by the creation of any interest in any of the property or rights of the Corporation, or in any property owned by others when the Corporation has the right so to do, whether owned by or subject to such right of the Corporation at the time such indebtedness is incurred or thereafter; to accept secured demand notes.

(c) To lend to any person, corporation, trust, fiduciary, firm, public authority or organization of any kind any of the Corporation's funds or property, with or without security, and to guarantee the loans of any of the foregoing.

(d) To purchase, borrow, acquire, hold, exchange, sell, distribute, assign, transfer, lend, mortgage, pledge, hypothecate, convert, redeem, escrow, reissue or cancel shares of its own capital stock or instruments evidencing its indebtedness or any other securities issued by it.

(e) To engage in any financial, commercial, mercantile, manufacturing, industrial, trading, mining, petroleum or petroleum

products business or venture of any kind, character or description whatsoever, either by itself or jointly with others, and to do any and all things which may be useful in connection with or incidental to the conduct of such business or venture.

(f) To engage in a commercial finance business, including the factoring of commercial paper, either by itself or jointly with others, and to do any and all things which may be useful in connection with or incidental to the conduct of such business.

(g) To acquire all or any part of the property and business, including good will, of any person, corporation, trust, firm,

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fiduciary, public authority or organization of any kind, to pay as consideration therefor cash or property, including securities issued by the Corporation, to assume in connection therewith by the Corporation, to assume in connection therewith any liabilities or obligations of any such person, corporation, trust, firm, fiduciary, public authority or organization of any kind, and to hold, conduct, use or dispose of the whole or any part of the property and business, including any good will, so acquired.

(h) To acquire and hold real, personal and mixed property of any and all kinds.

(i) To exercise and enjoy all powers, rights and privileges, in any part of the world, which may be exercised and enjoyed by any corporation organized under the General Corporation Law of the State of Delaware.

ARTICLE V

A director of the Corporation shall not, in the absence of fraud, be disqualified by his office from dealing or contracting with the Corporation, either as a vendor, purchase or otherwise, nor in the absence of fraud shall, insofar as permitted by statute, any transaction or contract of the Corporation be void or voidable or affected by reason of the fact that any director, or any firm of which any director is a member, or any corporation of which any director is an officer, director, or shareholder, is any way interested in such transaction or contract; provided that, at the meeting of the Board of Directors or of a committee thereof having authority in the premises to authorize or confirm such contract or transaction, the interest of such director, firm, or corporation is disclosed or made known, and there shall be present a quorum of the Board of Directors or of the directors constituting

such committee, and such contract or transaction shall be approved by a majority of such quorum, which majority shall consist of directors not so interested or connected. Nor shall any director be liable to account to the Corporation for any profit realized by him from or through any such transaction or contract of the Corporation, ratified or approved as herein provided, by reason of the fact that he or any firm of which he is a member, or any corporation of which he is a shareholder, director, or officer, was interested in such transaction or contract. Directors so interested may be counted when present at meetings of the Board of Directors or of such committee for the purpose of determining the existence of a quorum. Each and every person who is or may become a director of the Corporation is hereby relieved from any liability that might otherwise exist from those contracting with the Corporation for the benefit of himself or any firm, association, or corporation in which he may be in any wise interested.

ARTICLE VI

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In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered to adopt, amend or repeal the By-laws of the Corporation.

ARTICLE VII

Elections of directors of the Corporation need not be by written ballot unless the By-laws of the Corporation shall so provide.

IN WITNESS WHEREOF, RODMAN & RENSHAW CAPITAL GROUP, INC. has caused this Restated Certificate of Incorporation to be signed by Bruce J. Young, its President, and attested by Thomas V. Hendricks, its Secretary, this 15th day of April, 1986.

RODMAN & RENSHAW CAPITAL
GROUP, INC.

By: /s/ Bruce J. Young

Bruce J. Young
President

ATTEST:

/s/Thomas V. Hendricks

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Thomas V. Hendricks
Secretary

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CERTIFICATE OF AMENDMENT
OF THE
RESTATED CERTIFICATE OF INCORPORATION
OF
RODMAN & RENSHAW CAPITAL GROUP, INC.

Adopted in accordance with the provisions
of Section 242 of the General Corporation
Law of the State of Delaware

We, Bruce Jay Young, President, and Thomas V. Hendricks, Secretary, of Rodman & Renshaw Capital Group, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

FIRST: That the name of the corporation is Rodman & Renshaw Capital Group, Inc., which was formed under the original name of R&R Holding, Inc.

SECOND: That the original Certificate of Incorporation of the corporation was filed by the Secretary of State of Delaware on the 20th day of November, 1980.

THIRD: That the Restated Certificate of Incorporation of the corporation was filed by the Secretary of State of Delaware on the 30th day of May, 1986.

FOURTH: That ARTICLE V of the Restated Certificate of Incorporation of the Corporation has been amended to add the following as the second and third paragraphs of said ARTICLE V:

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director for acts or omissions occurring on or after November 24, 1986, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or

omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. Any repeal or modification of the foregoing sentence by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

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Notwithstanding the foregoing, the indemnification provided for in this Article V shall not be deemed exclusive of any other rights to which those entitled to receive indemnification or reimbursement hereunder may be entitled under any by-law of this Corporation, agreement, vote or consent of stockholders or disinterested directors or otherwise.

FIFTH: That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of all outstanding stock entitled to vote at a meeting of stockholders.

IN WITNESS WHEREOF, we have signed this certificate this 25th day of November, 1986.

RODMAN & RENSHAW CAPITAL GROUP, INC.

By: /s/ Bruce J. Young

President

ATTEST:

/s/ Thomas V. Hendricks

Secretary

AMENDED AND RESTATED

BY-LAWS

OF

RODMAN & RENSHAW CAPITAL GROUP, INC.

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office shall be established and maintained at the office of The Corporate Trust Company, in the City of Wilmington, in the County of New Castle, in the State of Delaware, and said Company shall be the registered agent of this corporation in charge thereof.

SECTION 2. OTHER OFFICES. The corporation may have other offices, either within or outside of the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the corporation may require.

ARTICLE II

STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. The annual meeting of stockholders of the corporation for the election of directors and the transaction of other business shall be held, in each year, on the date and at the time as shall be fixed by the Board of Directors and stated in the notice of said meeting. Such annual meetings shall be general meetings open for the transaction of any business within the powers of the corporation without special notice of such business, except in cases in which special notice is required by statute, by the certificate of incorporation or by these by-laws.

SECTION 2. SPECIAL MEETINGS. Unless otherwise prescribed by statute, special meetings of the stockholders shall be called by the Chairman of the Board upon receipt of a written request therefor, stating the purpose thereof and signed by a majority of the directors. No business other than that stated in the notice described in the next succeeding section shall be transacted at any special meeting without the unanimous consent of all of the stockholders entitled to vote thereat.

SECTION 3. NOTICE OF MEETINGS. (a) Except as otherwise provided by law, and as set forth in subsection (b) hereof, written or printed notice

stating the place, date and hour of the meeting and, in the case of a special meeting, a brief statement of the purpose or purposes for which the meeting is called, shall be

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delivered not less than ten (10) nor more than sixty (60) days before the date of every meeting of stockholders, either personally or by mail, by or at the direction of the President and Chief Operating Officer or the Secretary, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the stockholder at his address as it appears on the records of the corporation, with postage thereon prepaid. Whenever any notice is required to be given under the provisions of Delaware law, the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether it be before or after the time stated therein, shall be deemed equivalent to the giving of such notice. It shall not be requisite to the validity of any meeting of stockholders that notice thereof, whether prescribed by law, by the certificate of incorporation or by these by-laws, shall have been given to any stockholder who attends in person or by proxy. No notice other than by verbal announcement need be given of any adjourned meetings of stockholders.

(a) Stockholders intending to nominate directors for election must deliver written notice thereof to the Secretary of the corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders, and (ii) with respect to an election to be held at a special meeting of stockholders, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. The notice shall set forth certain information concerning such stockholder and his nominee(s), including their names and addresses, a representation that the stockholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, a description of all arrangements or understandings between the stockholder and each nominee, such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such stockholder and the consent of each nominee to serve as a director of the Company if so elected. The chairman of the annual or special meeting of the corporation may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

SECTION 4. PLACE OF MEETINGS. Annual and special meetings of stockholders may be held at one of the corporation's offices or at such place or places within or without the State of Delaware as shall be determined by the Board of Directors.

SECTION 5. QUORUM. Except as otherwise required by law, the certificate of incorporation or these by-laws, the presence, in person or by proxy, of stockholders holding a majority of the stock

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of the corporation entitled to vote shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. If upon the reconvening of any such adjourned meeting a majority of the stock entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed, but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at such time as it is reconvened.

SECTION 6. VOTING. Each stockholder entitled to vote in accordance with the terms of the certificate of incorporation or these by-laws shall be entitled to one (1) vote for each share of stock entitled to vote held by such stockholder. Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by the corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time. When a quorum is present or represented at any meeting of stockholders, the vote of the holders of a majority of the shares present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which a different vote is required by virtue of an express provision of law, the certificate of incorporation or another section of these by-laws.

SECTION 7. PROXIES. Any stockholder entitled to vote at a meeting of stockholders may vote either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact.

SECTION 8. LIST OF STOCKHOLDERS. At least ten (10) days prior to each meeting of stockholders at which directors are to be elected, the Secretary shall make or cause to be made a complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, showing the mailing address of each according to the records of the corporation and the number of voting shares held by each. Such list shall be kept on file at the office of the corporation for a period of ten (10) days prior to such meeting, and shall at all times during the usual hours for business be open to the examination of any stockholder, and also shall be produced and kept at the time and place of such election for the inspection of any stockholder during the whole time thereof.

thereof, kept at the principal office of the corporation, shall be prima facie evidence as to the stockholders who are entitled to examine such list or stock ledger or transfer book or to vote at any meeting of stockholders.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. POWERS. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, which may exercise all of the powers of the corporation except such as are by law, the certificate of incorporation or these by-laws conferred upon or reserved to the stockholders. Continuing and exclusive authority to fix, supervise and control the professional business and other affairs of the corporation shall be wholly vested in the Board of Directors.

SECTION 2. QUALIFICATIONS. Directors of this corporation shall be Independent Directors (as defined below), Parent Directors (as defined below), or Company Directors (as defined below). "Company Directors" are employees of the corporation or its affiliates. The term of any Company Director who ceases to qualify as provided in the foregoing sentence shall immediately and without any further action terminate forthwith. "Parent Directors" means such persons as are designated by Abaco Grupo Financiero, S.A. de C.V. ("Parent"), as such designation may change from time to time. An "Independent Director" means any person designated by Parent who (i) is in fact independent and qualifies as an independent director in accordance with New York Stock Exchange rules, (ii) is not connected with Parent or the corporation or any of their respective affiliates as an officer, employee, trustee, partner, director (other than of the corporation) or person performing similar functions and (iii) has not been employed by the corporation or any of its subsidiaries during the preceding year.

SECTION 3. NUMBER, ELECTION AND REMOVAL OF DIRECTORS. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors, but shall not be less than eleven (11) nor more than twenty-one (21). Except as provided in Section 10 of this Article III, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders. At each annual meeting of stockholders, directors shall be elected for a term expiring at the next annual meeting of stockholders and until their successors have been duly elected and qualified. Any director may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

SECTION 4. MEETINGS. Regular meetings of the Board of Directors shall be held at the time and place determined by the

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Board of Directors.

Special meetings of the Board of Directors may be called by the Chairman of the Board or by a majority of the Parent Directors on the written request of any director and shall be held at such time and such place or places as may be determined by the directors, or as shall be stated in the call of the meeting.

SECTION 5. NOTICE OF MEETINGS. No notice of regular meetings of the Board of Directors need be given. Notice of the place, day and hour of every special meeting shall be given to each director at least one (1) day before the meeting, by delivering the same to him personally, by sending the same to him by telefax or by leaving the same at his residence or usual place of business, or, in the alternative, upon seven (7) days' notice, by mailing it, postage prepaid, and addressed to him at his last known mailing address, as reflected in the records of the corporation. It shall not be requisite to the validity of any meeting of the Board of Directors that notice thereof shall have been given to any director who attends, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. No notice of adjourned meetings of the Board of Directors need be specified in the notice or waiver of notice of such meeting. All regular and special meetings of the Board of Directors shall be open for the transaction of any business within the powers of the corporation without special notice of such business, except in those cases in which special notice is required by law, the certificate of incorporation or by these by-laws.

SECTION 6. QUORUM. At all meetings of the Board of Directors, a majority of the Board of Directors shall constitute a quorum. The act of the majority of the whole Board of Directors shall be the act of the Board of Directors, unless the act of a greater number is required by law, the certificate of incorporation or these by-laws. In the absence of a quorum at a meeting of the Board of Directors, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no notice thereof need be given other than by announcement at the meeting which shall be adjourned.

SECTION 7. INFORMAL ACTION. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of the Executive Committee may be taken without a meeting, if a written consent to such action is executed by all members of the Board of Directors or of the Executive Committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or of the Executive Committee.

SECTION 8. COMPENSATION. Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 9. RESIGNATIONS. Any director, member of the Executive Committee or officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its actual receipt by the Chairman of the Board, President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 10. VACANCIES. Vacancies in the Board of Directors, through death, resignation or otherwise, and newly created directorships resulting from an increase in the number of directors, may be filled by a majority of the remaining directors in office, though less than a quorum, or by the sole remaining director, provided, however, that in all events Parent shall be entitled to designate the director or directors to fill vacancies in the Board of Directors through death, resignation or otherwise of any Parent Director, and provided further that until December 23, 1996, if a vacancy in the Board of Directors exists through death, resignation or otherwise of any Company Director, and the Board of Directors by a majority vote of the whole Board of Directors determines to replace that Director, then the other Company Directors shall have the right, by majority vote, to designate an employee of the Company or one of its affiliates, as a replacement for that Company Director. Directors elected to fill vacancies shall hold office for a term expiring at the next annual meeting of stockholders and until their successors have been duly elected and qualified, or until their earlier resignation or removal.

SECTION 11. CHAIRMAN AND VICE CHAIRMAN; PRESIDING OFFICER. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, shall elect a Chairman of the Board of Directors, who shall preside at all meetings of the stockholders of the corporation and at all meetings of the Board of Directors. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, also may elect a Vice Chairman of the Board of Directors, who, in the absence of the Chairman of the Board of Directors, shall preside at meetings of the stockholders of the corporation and meetings of the Board of Directors. In the absence of the Chairman and Vice Chairman of the Board of Directors, the Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate any Parent Director to preside at a particular meeting of the stockholders of

the corporation or of the Board of Directors.

ARTICLE IV

COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate an Executive Committee consisting of three (3) or more directors. Except as otherwise provided by law or by the Board of Directors, during the intervals between the meetings of the Board of Directors the Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the corporation. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors at its meeting next succeeding such action.

SECTION 2. MEETINGS OF EXECUTIVE COMMITTEE. The Executive Committee shall fix its own rules of procedure and shall meet as provided by such rules, and it also shall meet at the call of the Chairman of the Board of Directors or a majority of the members of the Committee. A majority of the members of the Executive Committee shall be necessary to constitute a quorum, and the concurrence of a majority of the whole Executive Committee shall be required in all matters to constitute the act of the Committee.

SECTION 3. EXECUTIVE COMMITTEE POWERS. For all purposes of these by-laws, the words "Board of Directors," "directors," "Board" or any equivalent term shall be construed to include "Executive Committee," it being the intent that such Committee may, except as otherwise provided by law, have and exercise all of the powers conferred upon the Board of Directors by law, the certificate of incorporation and these by-laws.

SECTION 4. AUDIT COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, shall designate an Audit Committee consisting of one (1) or both of the Independent Directors. It shall be the Audit Committee's responsibility to:

- Recommend to the Board of Directors which accounting firm to employ as the corporation's external auditor and review the proposed discharge of any such firm.
- Review the external auditor's compensation, the proposed terms of its engagement and its independence.
- Review the appointment and replacement of the corporation's internal auditing personnel.
- Serve as a channel of communication between the external

auditor and the Board of Directors and between the corporation's internal auditing staff and the Board of Directors.

- Review the results of each external audit of the corporation, the report of the audit, any related management letter, management's responses to recommendations made by the external auditor in connection with the audit, reports of the internal auditing staff that are material to the corporation as a whole, and management's responses to those reports.
- Review the corporation's annual financial statements, any certification, report, opinion, or review rendered by the external auditor in connection with those financial statements, and any significant disputes between management and the external auditor that arose in connection with the preparation of those financial statements.
- Consider, in consultation with the external auditor and the internal auditing staff, the adequacy of the corporation's internal controls.
- Consider significant changes and other significant questions of choice regarding the appropriate auditing and accounting principles and practices to be used in the preparation of the corporation's financial statements.

The Audit Committee shall meet at such times during the year as to properly perform its responsibilities. It shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. It shall have authority to retain special counsel or experts as it deems necessary.

SECTION 5. COMPENSATION COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, shall designate a Compensation Committee consisting of one (1) or both of the Independent Directors. It shall be the Compensation Committee's responsibility to:

- Review and recommend to the Board of Directors the annual salary, bonus, stock options and other benefits, direct and indirect, of the corporation's officers.
- Review new executive compensation programs; review on a periodic basis the operation of the corporation's executive compensation programs to determine whether they are properly coordinated; establish and periodically review policies for

the administration of executive compensation programs; and take steps to modify any

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executive compensation programs that yield payments and benefits that are not reasonably related to executive performance.

- Establish and periodically review policies in the area of management perquisites.

The Compensation Committee shall meet at such times during the year as to properly perform its responsibilities. It shall keep regular minutes of its proceeding and report the same to the Board of Directors when required.

SECTION 6. NOMINATING COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, shall designate a Nominating Committee consisting of three (3) or more directors. It shall be the Nominating Committee's responsibility to:

- Recommend to the Board of Directors the slate of nominees of directors to be elected by the stockholders and any directors to be elected by the Board of Directors, based upon a review of the qualifications of such persons.
- Recommend to the Board of Directors the directors to be selected for membership on the various committees of the Board of Directors.

The Nominating Committee shall meet at such times during the year as to properly perform its responsibilities. It shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

SECTION 7. OTHER COMMITTEES. The Board of Directors, by resolution adopted by the whole Board of Directors, may designate other committees as it deems appropriate. Each such committee shall consist of one (1) or more of the directors of the corporation, and to the extent provided by the Board of Directors, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

SECTION 8. ABSENT MEMBERS. In the event a member of any committee is absent or disqualified from any meeting thereof, the member or members present at any meeting and not disqualified from voting, whether or not

he or they constitute a quorum, may unanimously appoint a Parent Director to sit at the meeting in the

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place of any such absent or disqualified member.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS. The officers of the corporation, all of whom shall be subject to the supervision and direction of the Board of Directors, shall be a Chief Executive Officer, a President and Chief Operating Officer, a Chief Financial Officer, one or more Vice Presidents, a Secretary and a Treasurer. The Chief Executive Officer, the President and Chief Operating Officer and the Chief Financial Officer shall be "executive officers." None of the aforesaid officers except the Chief Executive Officer need be directors of the corporation. The officers shall be elected by the Board of Directors from time to time. Any two or more offices may be held by the same person.

SECTION 2. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have overall responsibility for the formulation of corporate policies and purposes to be presented from time to time to the Board of Directors for adoption on behalf of the corporation, shall have responsibility for communicating said policies and purposes, as adopted, to the officers, staff and employees of the corporation, and shall have power to supervise and direct all officers and employees of the corporation in the exercise of their duties. In the event that the Board of Directors shall, pursuant to the authority granted by Article IV of these bylaws, designate an Executive Committee, the Chief Executive Officer shall be one of the directors designated to serve on such committee. The Chief Executive Officer also shall serve as an ex officio member of each and every other committee of the Board of Directors established pursuant to the provisions of Article IV of these by-laws, except for the Audit and Compensation Committees.

SECTION 3. PRESIDENT AND CHIEF OPERATING OFFICER. Subject to direction from the Chief Executive Officer, the President and Chief Operating Officer shall have such general powers and duties of direction and control of the business of the corporation as shall be necessary to carry out and give effect to the corporate policies and purposes adopted by the Board of Directors. The President and Chief Operating Officer shall report to the Board of Directors through, and shall be responsible to, the Chief Executive Officer.

SECTION 4. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall have overall responsibility for the financial affairs of the corporation, including the preparation of all financial reports, audits and returns of the corporation. He also shall have responsibility for making recommendations

concerning the corporation's fiscal policies and all financial matters affecting

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the corporation. The Chief Financial Officer shall report to the Board of Directors and the Chief Executive Officer through, and shall be responsible to, the President and Chief Operating Officer.

SECTION 5. VICE PRESIDENTS. The Vice President or Vice Presidents shall perform such duties as may be assigned to him or them by any executive officer of the corporation acting at the direction of the Board of Directors.

SECTION 6. SECRETARY. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these by-laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person so directed by the Chief Executive Officer, the President and Chief Operating Officer or the Board of Directors. He shall record all of the proceedings of the meetings of the stockholders of the corporation and of the Board of Directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Board of Directors or any other executive officer of the corporation acting at the direction of the Board of Directors. He shall have the custody of the seal of the corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, and attest the same.

SECTION 7. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, or any other executive officer of the corporation acting at the direction of the Board of Directors, taking proper vouchers for such disbursements. He shall render to the Board of Directors, or its designees (including the Chief Executive Officer, the President and Chief Operating Officer and the Chief Financial Officer), whenever they may request it, an account of all of his transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he shall give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

SECTION 8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. If desired, the Board of Directors may elect one or more Assistant Secretaries and one or more Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall have such powers and shall perform such duties as

shall be assigned to them by the Board of Directors or any executive officer of the corporation acting at the direction of the Board of Directors.

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SECTION 9. EXECUTION OF DOCUMENTS. Except as otherwise authorized or directed by the Board of Directors, either of the Chief Executive Officer and the President and Chief Operating Officer, or in their absence, a Vice President, may execute stock certificates, bonds, mortgages and other contracts on behalf of the corporation and shall cause the corporate seal to be affixed to any instrument requiring it.

SECTION 10. REMOVAL OF OFFICERS. Any officer of the corporation may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby.

ARTICLE VI

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. Certificates of stock, numbered and with the seal of the corporation affixed, signed by the Chief Executive Officer or the President and Chief Operating Officer and the Treasurer or an Assistant Treasurer, or Secretary or Assistant Secretary, shall be issued to each stockholder certifying the number of shares owned by him in the corporation. If such certificate is countersigned by a transfer agent or registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile.

SECTION 2. LOST CERTIFICATES. A new certificate of stock may be issued in the place of any certificate theretofore issued by the corporation and alleged to have been lost or destroyed. However, the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representative, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of the certificate, or the issuance of a new certificate.

SECTION 3. TRANSFER OF SHARES. The shares of stock of the corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, by whom they shall be canceled, and new certificates shall thereupon be issued.

SECTION 4. DIVIDENDS. Subject to the provisions of the certificate of incorporation, the Board of Directors may, out of funds legally

available therefor, at any regular or special meetings, declare dividends upon the capital stock of the

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corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their absolute discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the Board of Directors shall deem conducive to the interests of the corporation.

SECTION 5. SEAL. The corporate seal shall be circular in form and shall contain the name of the corporation and the words "CORPORATE SEAL DELAWARE." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise .

SECTION 6. FISCAL YEAR. The fiscal year of the corporation shall be as determined by the Board of Directors.

SECTION 7. CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 8. NOTICE AND WAIVER OF NOTICE. Whenever any notice is required to be given by these by-laws, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by certified or registered mail, return receipt requested, in a sealed post-paid wrapper, addressed to the person entitled thereto at his last known address. Such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law.

Whenever any notice is required to be given under the provisions of any law, the certificate of incorporation or these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 9. FIXING OF RECORD DATE. The Board of Directors may fix in advance a date, not more than sixty (60) or less than ten (10) days preceding the date of any meeting of stockholders, nor more than sixty (60) days prior to the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or

entitled to receive payment of any such dividends or to any such allotment of rights or to exercise the rights in respect

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of any such change, conversion or exchange of capital stock, and in such case such stockholders only as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive such allotment of rights or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

ARTICLE VII

AMENDMENTS

These by-laws may be amended or repealed and new by-laws may be adopted at any regular or special meeting of the Board of Directors by the affirmative vote of a majority of the entire Board of Directors.

ARTICLE VIII

INDEMNIFICATION

The corporation shall indemnify its officers, directors, employees and agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Adopted January 10, 1994

CERTIFICATE OF DESIGNATIONS
OF
RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS
OF SERIES A NON-VOTING CONVERTIBLE PREFERRED STOCK
OF
RODMAN & RENSHAW CAPITAL GROUP, INC.
A DELAWARE CORPORATION

Charles W. Daggs, III and James D. Van De Graaff certify that:

A. They are the duly elected and acting President and Corporate Secretary, respectively, of Rodman & Renshaw Capital Group, Inc., a Delaware corporation (the "Corporation").

B. Pursuant to the authority given by the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation has duly adopted the following recitals and resolutions:

WHEREAS, the Certificate of Incorporation of the Corporation provides for a class of shares known as Preferred Stock, consisting of five million (5,000,000) shares issuable from time to time in one or more series; and

WHEREAS, the Board of Directors of the Corporation is authorized to fix by resolution or resolutions the rights, preferences, privileges and restrictions granted to or imposed upon the Preferred Stock or any series thereof; and

WHEREAS, the Corporation has no issued or outstanding shares of Preferred Stock; and

WHEREAS, the Board of Directors desires, pursuant to its authority as aforesaid, to designate one hundred fifty (150) shares of the Preferred Stock as "Series A Non-Voting Convertible Preferred Stock" and to fix the rights, preferences, privileges and restrictions

relating to such series of Preferred Stock;

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NOW, WHEREFORE, BE IT RESOLVED, that the Board of Directors hereby fixes the designation and the number of shares constituting, and the rights, preferences, privileges and restrictions relating to, the Series A Non-Voting Convertible Preferred Stock:

1. Designation. This series of Preferred Stock shall be designated "Series A Non-Voting Convertible Preferred Stock" (the "Series A Preferred Stock").
2. Number of Shares and Par Value. The number of shares constituting the Series A Preferred Stock shall be one hundred fifty (150). Each share of the Series A Preferred Stock shall have a par value of one cent (\$.01).
3. Certain Definitions. Unless the context otherwise requires, the terms defined in this paragraph 3 shall have, for all purposes of this resolution, the meanings herein specified.

Common Stock. The term "Common Stock" shall mean all shares now or hereafter authorized of any class of Common Stock of the Corporation and any other stock of the Corporation, howsoever designated, authorized after the Issue Date, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in subparagraph 6(c) below.

Conversion Price. The term "Conversion Price" shall mean the price per share of Common Stock used to determine the number of shares of Common Stock deliverable upon conversion of a share of the Series A Preferred Stock, which price shall initially be \$7.25 per share, subject to adjustment in accordance with the provisions of paragraph 6 below.

Current Market Price. The term "Current Market Price" shall have the meaning set forth in subparagraph 6(f) below.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in subparagraph 4(a) below.

Dividend Period. The term "Dividend Period" shall have the meaning set forth in subparagraph 4(a) below.

Issue Date. The term "Issue Date" shall mean the date that shares of Series A Preferred Stock are first issued by the

Junior Stock. The term "Junior Stock" shall mean, for purposes of paragraphs 4 and 8 below, the Common Stock and any other class or series of stock of the Corporation issued after the Issue Date not entitled to receive any dividends in any Dividend Period unless all dividends required to have been paid or declared and set apart for payment on the Series A Preferred Stock shall have been so paid or declared and set apart for payment and, for purposes of paragraphs 4 and 8 below, any class or series of stock of the Corporation issued after the Issue Date not entitled to receive any assets upon the liquidation, dissolution or winding up of the affairs of the Corporation until the Series A Preferred Stock shall have received the entire amount to which such stock is entitled upon such liquidation, dissolution or winding up.

Parity Stock. The term "Parity Stock" shall mean, for purposes of paragraphs 4 and 8 below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive payment of dividends on a parity with the Series A Preferred Stock and, for purposes of paragraphs 4 and 8 below, any other class or series of stock of the Corporation issued after the Issue Date entitled to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation on a parity with the Series A Preferred Stock.

Senior Stock. The term "Senior Stock" shall mean, for purposes of paragraphs 4 and 8 below, any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series A Preferred Stock in respect of the right to receive dividends, and, for purposes of paragraphs 4 and 8 below, any class or series of stock of the Corporation issued after the Issue Date ranking senior to the Series A Preferred Stock in respect of the right to receive assets upon the liquidation, dissolution or winding up of the affairs of the Corporation.

Subscription Price. The term "Subscription Price" shall mean \$100,000 per share.

Subsidiary. The term "Subsidiary" shall mean any corporation of which shares of stock possessing at least a majority of the general voting power in electing the board of directors are, at the time as of

which any determination is being made, owned by the Corporation, whether directly or indirectly through one or more Subsidiaries.

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4. Dividends.

(a) Subject to the prior preferences and other rights of any Senior Stock and restrictions imposed by the terms of any indebtedness of the Corporation, the holders of Series A Preferred Stock shall be entitled to receive, out of funds legally available for the purpose, cash dividends at a per annum rate applied to the Subscription Price as determined daily during each Dividend Period equal to the then most recent "Prime Rate," as published in The Wall Street Journal (or any successor publication) as the base rate on corporate U.S. Dollar loans posted by at least 75% of the nation's 30 largest banks (or any publicly published comparable rate as determined by the Board of Directors) plus two percent per annum; such rate to change as and when such "Prime Rate" changes and such rate to be determined on the basis of a 365 day year and the actual days elapsed during a Dividend Period. Such dividends shall be cumulative from October 1, 1994 and shall be payable in arrears, when and as declared by the Board of Directors, on March 31, June 30, September 30 and December 31 of each year (each such date being herein referred to as a "Dividend Payment Date"), commencing on December 31, 1994. The period from October 1, 1994 through December 31, 1994 and each quarterly period between consecutive Dividend Payment Dates thereafter shall hereinafter be referred to as a "Dividend Period." Each such dividend shall be paid to the holders of record of the Series A Preferred Stock as their names appear on the share register of the Corporation on the corresponding Record Date. As used above, the term "Record Date" means, with respect to the dividend payment on March 31, June 30, September 30 and December 31, respectively, of each year, the preceding March 30, June 29, September 29 and December 30, or such other record date designated by the Board of Directors of the Corporation with respect to the dividend payable on such respective Dividend Payment Date. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Directors. No dividends shall be payable in respect of any period less than a full Dividend Period.

(b) In the event that full cash dividends are not paid or made available to the holders of all outstanding shares of Series A Preferred Stock and of any Parity Stock, and funds available shall be insufficient to permit payment in full in cash to all such holders of the preferential amounts to which they are then entitled, the entire

amount available for payment of cash dividends shall be distributed among the holders of the Series A Preferred Stock and of any Parity Stock ratably in proportion to the full amount to which they would otherwise be respectively entitled, and any remainder not paid in cash to the holders of the Series A Preferred Stock shall cumulate as provided in subparagraph 4(c) below.

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(c) If, on any Dividend Payment Date, the holders of the Series A Preferred Stock shall not have received the full dividends provided for in the other provisions of this paragraph 4, then such dividends shall cumulate, whether or not earned or declared, with additional dividends thereon for each succeeding full Dividend Period during which such dividends shall remain unpaid. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-to-day basis and shall be computed on the basis of a 365 day year.

(d) So long as any shares of Series A Preferred Stock shall be outstanding, the Corporation shall not declare or pay on any Junior Stock any dividend whatsoever, whether in cash, property or otherwise (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares), nor shall the Corporation make any distribution on any Junior Stock, nor shall any monies be paid or made available for a sinking fund for the purchase or redemption of any Junior Stock, unless all dividends to which the holders of Series A Preferred Stock shall have been entitled for all previous Dividend Periods shall have been paid or declared and a sum of money sufficient for the payment thereof set apart.

5. Distributions Upon Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or other winding up of the affairs of the Corporation, subject to the prior preferences and other rights of any Senior Stock, but before any distribution or payment shall be made to the holders of Junior Stock, the holders of the Series A Preferred Stock shall be entitled to be paid the Subscription Price of all outstanding shares of Series A Preferred Stock as of the date of such liquidation or dissolution or such other winding up, plus any accrued and unpaid dividends thereon to such date, and no more, in cash or in property taken at its fair value as determined by the Board of Directors. If such payment shall have been made in full to the holders of the Series A Preferred Stock, and if payment shall have been made in full to the holders of any Senior Stock and Parity Stock of all amounts to which such holders shall be entitled, the remaining assets and funds of the Corporation shall be distributed among the holders of Junior Stock, according to

their respective shares and priorities. If, upon any such liquidation, dissolution or other winding up of the affairs of the corporation, the net assets of the Corporation distributable among the holders of all outstanding shares of the Series A Preferred Stock and of any Parity Stock shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then the entire net assets of the Corporation remaining after the distributions to holders of any Senior Stock of the full amounts to which they may be entitled shall be distributed among the holders of the Series A Preferred

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Stock and of any Parity Stock ratably in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale of all or substantially all of the assets of the Corporation to another corporation or corporations shall be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of this paragraph 5.

6. Conversion Rights. The Series A Preferred Stock shall be convertible into Common Stock as follows:

(a) Automatic Conversion. Each outstanding share of Series A Preferred Stock shall automatically be converted, without any further act of the Corporation or its stockholders, into fully paid and nonassessable shares of Common Stock at the Conversion Price then in effect upon the approval of such conversion by the stockholders of the Corporation pursuant to the New York Stock Exchange shareholder approval requirements. The Series A Preferred Stock shall not otherwise be convertible.

(b) Conversion Price. Each share of Series A Preferred Stock shall be converted into a number of shares of Common Stock determined by dividing (i) the sum of (A) the Subscription Price plus (B) any dividends on such share of Series A Preferred Stock which such holder is entitled to receive, but has not yet received, by (ii) the Conversion Price in effect on the Conversion Date. The Conversion Price at which shares of Common Stock shall initially be issuable upon conversion of the shares of Series A Preferred Stock shall be \$7.25. The Conversion Price shall be subject to adjustment as set forth in subparagraph 6(e). No payment or adjustment shall be made for any dividends on the Common Stock issuable upon such conversion.

(c) Mechanics of Conversion. Upon the occurrence of the event specified in subparagraph 6(a), the outstanding shares of Series

A Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided that the Corporation shall not be obligated to issue to any such holder certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing the shares of Series A Preferred Stock are either delivered to the Corporation or any transfer agent of the Corporation. Conversion shall be deemed to have been effected on the date of the occurrence of the event specified in subparagraph 6(a) and such date is referred to herein as the "Conversion Date." Subject to the provisions of subparagraph 6(e), as promptly as practicable thereafter (and after surrender of the certificate or certificates representing shares of Series A Preferred Stock to the Corporation or any transfer agent of the Corporation) the Corporation shall issue and deliver

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to or upon the written order of such holder a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled and a check or cash with respect to any fractional interest in a share of Common Stock as provided in subparagraph 6(d). Subject to the provisions of subparagraph 6(e), the person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of record of such Common Stock on the applicable Conversion Date.

(d) Fractional Shares. No fractional shares of Common Stock or script shall be issued upon conversion of shares of Series A Preferred Stock. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of the then Current Market Price.

(e) Conversion Price Adjustments. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) Stock Dividends, Subdivisions, Reclassifications or Combinations. If the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be

proportionately adjusted so that the holder of any shares of Series A Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock which he would have owned or been entitled to receive had such Series A Preferred Stock been converted immediately prior to such date. Successive adjustments in the Conversion Price shall be made whenever any event specified above shall occur.

(ii) Other Distributions. In case the Corporation shall fix a record date for the making of a distribution to all holders of shares of its Common Stock (i) of shares of any class other than its Common Stock, or (ii) of evidence of indebtedness of the Corporation or any Subsidiary, or (iii) of assets (excluding cash dividends or distributions, and dividends or distributions referred to in subparagraph 6(e)(i) above), or (iv) of rights or warrants, in each such case the Conversion Price in effect immediately prior thereto shall be reduced immediately thereafter to the price determined by dividing (1) an amount equal to the difference resulting from (A) the number of shares of Common Stock outstanding on such record date multiplied by the Conversion Price per share on such record date, less (B) the fair market value (as

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determined by the Board of Directors, whose determination shall be conclusive of said shares or evidences of indebtedness or assets or rights or warrants to be so distributed, by (2) the number of shares of Common Stock outstanding on such record date. Such adjustment shall be made successively whenever such a record date is fixed. In the event that such distribution is not so made, the Conversion Price then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights or warrants, as the case may be, to the Conversion Price which would then be in effect if such record date had not been fixed.

(iii) Consolidation, Merger, Sale, Lease or Conveyance. In case of any consolidation with or merger of the Corporation with or into another corporation, or in case of any sale, lease or conveyance to another corporation of the assets of the Corporation as an entirety or substantially as an entirety, each share of Series A Preferred Stock shall after the date of such consolidation, merger, sale, lease or conveyance be convertible into the number of shares of stock or other securities or property (including cash) to which the Common Stock issuable (at the time of such consolidation, merger, sale, lease or conveyance) upon conversion of such share of Series A Preferred Stock would have been entitled upon such consolidation, merger, sale, lease or conveyance; and in any

such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the holders of the shares of Series A Preferred stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares of Series A Preferred Stock.

(iv) Rounding of Calculations; Minimum Adjustment. All calculations under this subparagraph (e) shall be made to the nearest cent or to the nearest one hundredth (1/100th) of a share, as the case may be. Any provision of this paragraph 6 to the contrary notwithstanding, no adjustment in the Conversion Price shall be made if the amount of such adjustment would be less than \$0.05, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.05 or more.

(v) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this subparagraph (e) shall require that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Series A Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such

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conversion by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of a fractional share of Common Stock pursuant to subparagraph (d) of this paragraph 6; provided that the Corporation upon request shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(f) Current Market Price. The Current Market Price at any date shall mean, in the event the Common Stock is publicly traded, the average of the daily closing prices per share of Common Stock for 30 consecutive trading days ending no more than 15 business days before such date (as adjusted for any stock dividend, split, combination or reclassification that took effect during such 30 business day period). The closing price for each day shall be the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and asked

prices regular way, in either case on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the closing sale price for such day reported by NASDAQ, if the Common Stock is traded over-the-counter and quoted in the National Market System, or if the Common Stock is so traded, but not so quoted, the average of the closing reported bid and asked prices of the Common Stock as reported by NASDAQ or any comparable system or, if the Common Stock is not listed on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose. If the Common Stock is not traded in such manner that the quotations referred to above are available for the period required hereunder, Current Market Price per share of Common Stock shall be deemed to be the fair value as determined by the Board of Directors, irrespective of any accounting treatment.

(g) Statement Regarding Adjustments. Whenever the Conversion Price shall be adjusted as provided in subparagraph 6(e), the Corporation shall forthwith file, at the office of any transfer agent for the Series A Preferred Stock and at the principal office of the Corporation, a statement showing in detail the facts requiring such adjustment and the Conversion Price that shall be in effect after such adjustment, and the Corporation shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each holder of shares of Series A Preferred Stock at its address appearing on the Corporation's records.

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(h) Treasury Stock. For the purposes of this paragraph 6, the sale or other disposition of any Common Stock theretofore held in the Corporation's treasury shall be deemed to be an issuance thereof.

(i) Costs. The Corporation shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of any shares of Series A Preferred Stock; provided that the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series A Preferred Stock in respect of which such shares are being issued.

(j) Reservation of Shares. The Corporation shall reserve at all times so long as any shares of Series A Preferred Stock remain

outstanding, free from preemptive rights, out of its treasury stock (if applicable) or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, sufficient shares of Common Stock to provide for the conversion of all outstanding shares of Series A Preferred Stock.

(k) Approvals. If any shares of Common Stock to be reserved for the purpose of conversion of shares of Series A Preferred Stock require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued or delivered upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be. If, and so long as, any Common Stock into which the shares of Series A Preferred Stock are then convertible is listed on any national securities exchange, the Corporation will, contemporaneously with the conversion, cause to be listed and thereafter to keep listed on such exchange, upon official notice of issuance, all shares of such Common Stock issuable upon conversion.

(l) Valid Issuance. All shares of Common Stock which may be issued upon conversion of the shares of Series A Preferred Stock will upon issuance by the Corporation be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof, and the Corporation shall take no action which will cause a contrary result (including without limitation, any action which would cause the Conversion Price to be less than the par value, if any, of the Common Stock).

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7. Voting Rights.

(a) The holders of the issued and outstanding shares of Series A Preferred Stock have no voting rights except as set forth herein and as required by law.

(b) Without the consent of the holders of at least

(i) a majority of the shares of Series A Preferred Stock then outstanding, given in writing or by vote at a meeting of holders of Series A Preferred Stock called for such purpose, the Corporation will not (A) increase the authorized amount of Series A Preferred Stock or (B) create any other class of Parity Stock or Senior Stock or increase the authorized amount of any such other class; and

(ii) a majority of the shares of Series A Preferred Stock then outstanding, given in writing or by vote at a meeting of holders of Series A Preferred Stock called for such purpose, the Corporation will not (A) other than as set forth in (i) above, amend, alter or repeal any provision of the Certificate of Incorporation or this Certificate so as to adversely affect the rights, preferences or privileges of the Series A Preferred Stock or (B) merge or consolidate with or into any other person, or sell substantially all of its assets or business to any other person, except that the Corporation may merge with any person if the corporation is the entity surviving such merger and such merger does not adversely affect the rights, preferences and privileges of the Series A Preferred Stock.

8. Covenants. In addition to any other rights provided by law, so long as any Series A Preferred Stock is outstanding, the Corporation, without first obtaining the affirmative vote or written consent of the holders of not less than a majority of such outstanding shares of Series A Preferred Stock, will not:

(a) amend or repeal any provision of, or add any provision to, the Corporation's Certificate of Incorporation or By-Laws or to these resolutions if such action would alter adversely or change the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, any Series A Preferred Stock, or increase or decrease the number of shares of Series A Preferred Stock authorized hereby;

(b) authorize or issue shares of any class or series of stock not expressly authorized herein having any preference or priority as to dividends, assets or other rights superior to or on a parity with any such preference or priority of the Series A Preferred Stock, or authorize or issue shares of stock of any class or any bonds, debentures, notes or other obligations convertible into

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or exchangeable for, or having option rights to purchase, any shares of stock of the Corporation having any preference or priority as to dividends, assets or other rights superior to or on a parity with any such preference or priority of the Series A Preferred Stock;

(c) reclassify any class or series of any Junior Stock into Parity Stock or Senior Stock or reclassify any series of Parity Stock into Senior Stock; or

(d) pay or declare any dividend on any Junior Stock (other than dividends payable in shares of the class or series upon

which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stock other than Common Stock, together with cash in lieu of fractional shares and dividends not in excess of dividends paid to the Series A Preferred Stock) while the Series A Preferred Stock remains outstanding, or apply any of its assets to the redemption, retirement, purchase or acquisition, directly or indirectly, through subsidiaries or otherwise, of any Junior Stock, except from employees of the Corporation upon termination of employment or otherwise pursuant to the terms of stock purchase or option agreements providing for the repurchase of, or right of first refusal with respect to, such Junior Stock entered into with such employees.

9. Exclusion of Other Rights. Except as may otherwise be required by law, the Series A Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution (as such resolution may be amended from time to time) and in the Corporation's Certificate of Incorporation. The shares of Series A Preferred Stock shall have no preemptive or subscription rights. The Series A Preferred Stock shall not be subject to redemption or the operation of a retirement or sinking fund.

10. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

11. Severability of Provisions. If any right, preference or limitation of the Series A Preferred Stock set forth in this resolution (as such resolution may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth in this resolution (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

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12. Status of Reacquired Shares. Shares of Series A Preferred Stock which have been issued and converted or reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of Preferred Stock issuable in series undesignated as to series and may be redesignated and reissued.

C. The authorized number of shares of Series A Preferred Stock of the Corporation is 5,000,000 and the number of shares constituting the Series A Non-Voting Convertible Preferred Stock, consisting of the shares authorized hereby, is 150.

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IN WITNESS WHEREOF, the undersigned have executed this certificate as of June 24, 1994, on behalf of the Corporation, and certify under penalty of perjury that this is the act and deed of the Corporation, and that the facts stated herein are true.

/s/Charles W. Daggs, III

Charles W. Daggs, III, President

/s/James D. Van De Graaff

James D. Van De Graaff, Secretary

STOCK PURCHASE AGREEMENT

This Agreement is entered into as of the 24th day of June, 1994 by and between Rodman & Renshaw Capital Group, Inc., a Delaware corporation (the "Company"), and Abaco Casa de Bolsa, S.A. de C.V., Abaco Grupo Financiero, a corporation incorporated under the laws of the United Mexican States ("Abaco").

RECITALS

WHEREAS, Abaco owns a majority of the outstanding shares of capital stock of the Company; and

WHEREAS, Abaco desires to invest additional funds in the Company in consideration of additional shares of capital stock of the Company.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree as follows:

1. PURCHASE AND SALE OF SHARES. At the Closing (as hereinafter defined), the Company shall issue and sell to Abaco, and Abaco shall purchase from the Company 150 shares of Series A, non-voting preferred, \$0.01 par value, of the Company as further described in Exhibit A hereto (the "Shares"). The terms, conditions, and agreements relating to the Shares as set forth in Exhibit A form a part of this Agreement and are binding upon the parties.

2. CONSIDERATION AND PAYMENT. In consideration for the Shares, Abaco shall pay the Company by bank check or wire transfers the aggregate amount of U.S.\$15,000,000.

3. CLOSING. The purchase and sale of the Shares shall take place at the offices of the Company, on June 24, 1994, at a mutually agreeable time (the "Closing"). At the Closing, the Company shall deliver or cause to be delivered to Abaco, certificates evidencing the Shares, duly issued to Abaco, and any and all other documents necessary to issue the Shares, and Abaco shall deliver or cause to deliver to the Company, the purchase price as provided in Section 2.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to Abaco as follows:

A. Corporate Organization. The Company is a corporation

duly organized, validly existing and in good standing under the laws of Delaware.

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B. Capitalization. The aggregate number of shares of capital stock which the Company is authorized to issue is 20,000,000 shares of common stock, \$0.09 par value, _____ of which are presently issued and outstanding and 5,000,000 shares of preferred stock, \$0.01 par value, none of which are issued or outstanding. The Shares have been duly authorized and when issued and paid for in accordance with this Agreement will be validly issued, fully-paid, and non-assessable. The shares of common stock of the Company into which the Shares are convertible have been duly reserved for such conversion, and when issued pursuant to such conversion such shares of common stock will be validly issued, fully paid, and non-assessable.

C. Authority, Execution and Delivery. The Company has all requisite power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby have been duly authorized by all requisite corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms.

D. Financial Statements. The Company has furnished to Purchaser the financial statements for the Company as of March 31, 1994, which statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the financial position of the Company as of the date thereof and the results of operations for the periods covered thereby. The Company further represents and warrants that there has been no material change in the financial position of the Company since such date.

E. No Conflict. Except for the authorization of the listing of the shares of common stock into which the Shares are convertible prior to such conversion, by the New York Stock Exchange and the filing of a Certificate of Designations in respect of the Shares with the Secretary of State of Delaware, no authorization or consent is required in connection with the execution, delivery, or performance of this Agreement by the Company and such execution, delivery or performance will not conflict with or result in a breach of the Company's charter documents or any material instrument or agreement.

5. REPRESENTATIONS AND WARRANTIES OF ABACO. Abaco hereby represents and warrants to the Company as follows:

A. Corporate Organization. Abaco is a Mexican

corporation, duly organized, validly existing and in good standing under the laws of the United Mexican States.

B. No Conflict. Except for approval by Mexican regulatory authorities, no authorization or consent is required in connection with the execution, delivery, or performance of this Agreement by the Company and such execution, delivery or performance

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will not conflict with or result in a breach of the Company's charter documents or any material instrument or agreement.

C. Authority, Execution and Delivery. Abaco has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby have been duly authorized by all requisite corporate action on the part of Abaco. This Agreement has been duly executed and delivered by Abaco and constitutes the legal, valid and binding obligation of Abaco enforceable in accordance with its terms.

D. Investment Intent. The Shares acquired by Abaco pursuant to this Agreement, and the shares of common stock which may be acquired upon conversion of the Shares, will be acquired by Abaco for its own account and not with a view to, or for resale in connection with, any distribution of any of the Shares. Abaco acknowledges that it is aware of the applicable limitations under the Securities Act of 1933, as amended, upon the subsequent sale of the Shares, or such common shares, as the case may be, and that accordingly, certificates representing the Shares, or such common shares, as the case may be, may bear an appropriate legend.

6. CONDITIONS TO CLOSING. The obligations of each of the parties to consummate the transactions contemplated by this Agreement shall be subject to the following conditions:

A. Representations and Warranties True. The representations and warranties of the other party shall be true and accurate in all material respects as of the Closing Date, as if made on such date.

B. No Litigation. There shall be no order, and no proceeding or investigation, pending or threatened, restricting or prohibiting the transactions contemplated by this Agreement.

C. Certificate of Designations. The Company shall file a Certificate of Designations in respect of the Shares with the Secretary of State of Delaware.

D. Mexican Regulatory Approvals. All requisite

approvals by Mexican regulatory approvals shall have been obtained.

7. STOCKHOLDER APPROVAL. The Company agrees to call a special meeting of its stockholders as soon as practicable after the availability of the annual report for the Company's fiscal year ended June 24, 1994 to approve the conversion of the Shares into shares of common stock of the Company in accordance with the terms of the Shares and further agrees to promptly thereafter cause such common shares to be listed on the New

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York Stock Exchange. Abaco agrees to vote all of the common shares of the Company held by it for such approval.

8. MISCELLANEOUS PROVISIONS.

A. Amendment, Modification and Waiver. This Agreement may be amended, modified and supplemented, in writing only, by mutual consent of the parties hereto. No failure on the part of any party to exercise any right, power or privilege hereunder shall operate as a waiver.

B. Assignment. The respective rights and obligations of the Company and Abaco under this Agreement shall not be assignable by either the Company or Abaco without the prior written consent of the other.

C. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

D. Entire Agreement. This Agreement including the exhibit hereto contains the entire understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

E. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ATTEST:

RODMAN & RENSHAW CAPITAL GROUP, INC.

By: /s/ James D. Van De Graaff

By: /s/ Charles W. Daggs, III

Title: General Counsel

Title: CEO

ATTEST:

ABACO CASA DE BOLSA, S.A. DE C.V.,
ABACO GRUPO FINANCIERO

By: /s/ Jose Roble Flores

By: /s/ Abaco Casa De Bolsa, S.A. DE C.V.

Title:

Title:

Rodman & Renshaw Capital Group, Inc.
 120 South LaSalle Street
 Chicago, Illinois 60603

Attn: Charles W. Daggs/James D. Van De Graaff

This is to confirm to you our agreement between Confia, Grand Cayman Branch and Rodman & Renshaw Capital Group, Inc. for a loan with the following terms and conditions:

Principal Amount:	\$ 10,000,000.00 U.S.Dollars
Issue Date:	June 22, 1994
Maturity Date:	December 19, 1994
No. of Days:	180 Days
Interest Rate:	11.50%
Commitment Fee 0.50% Paid Up Front on June 22, 1994	\$ 50,000.00 U.S. Dollars Due June 22, 1994
Payment Instructions:	Swiss Bank Corporation, New York Branch ABA No. 026 007 993 Account No. 101-WA-012297-000 Account Name: Confia, Grand Cayman Branch

Please sign this letter and the Promissory Note attached and return those documents to my attention to my fax no. (011) -528-363-3728 in Monterrey, Mexico.

Regards

/s/JAVIER CHAVEZ

 Javier Chavez
 Confia, Grand Cayman Branch

/S/CHARLES W. DAGGS

 Charles W. Daggs
 Rodman & Renshaw Capital
 Group, Inc.

CONFIA, S.A., INSTITUCION DE BANCA MULTIPLE,
 ABACO GRUPO FINANCIERO

PROMISSORY NOTE

By means of this PROMISSORY NOTE, the SUBSCRIBER unconditionally promises to pay to the order of Confia, S.A., Institucion de Banca Multiple, Abaco Grupo Financiero, Grand Cayman Branch (the "BANK"), the principal amount of

USD\$10,000,000.00 (Ten Million 00/100 U.S. Dlls) lawful currency of the United States of America precisely on December 19, 1994.

The SUBSCRIBER promises to pay on December 19, 1994 interest on the principal amount hereof an annual rate of interest of 11.50%.

In the event the SUBSCRIBER shall fail to pay the principal amount hereof as and when due hereunder, the unpaid amount shall bear interest from the date such payment was due until payment in full calculated on a daily basis of a rate per annum of 30%.

Interest hereunder shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

The principal amount hereof and interest thereon shall be payable to the BANK in New York, New York, U.S.A., at the office of Swiss Bank, Co. of New York, for the credit of BANK's account No. 101-WA-012297-000, in freely transferable Dollars and in same day funds, no later than 12:00 noon (New York time), on the date on which such payments are due.

Whenever any payment to be made hereunder shall be stated to be due on a day which is not a business day, (meaning a day of the year on which banks in London, England, carry on transactions in Dollars and banks in New York City, U.S.A. and in Mexico City, United Mexican States ("Mexico") are not required or authorized to close), such payment shall become due on the next following business day.

The SUBSCRIBER agrees to make all payments in respect of principal and interest free and clear of and without deduction, charge or withholding, or any tax liabilities imposed on such amounts, actually or in the future payable in any jurisdiction. If at any time Mexico (or any other country entitled to do so) or any political subdivision or any taxing authority thereof or therein shall impose, charge or collect any tax, charge, withholding, deduction, levy, or any other fiscal liability together with interest, penalties, fines, or charges thereof (the "Taxes"), on or with respect hereto or to any payment hereunder, the SUBSCRIBER agrees to pay, immediately to the appropriate tax authority, on behalf of the BANK the amount of any such additional amounts required to ensure the BANK received the full amount that the BANK would have received had no such payment of taxes been made.

The SUBSCRIBER hereby irrevocably submits to the jurisdiction of any New York State court or any United States court sitting in New York City, New York, United States or any competent court of Mexico City, Mexico or of the city of Monterrey, N.L., Mexico, in any action or proceeding arising

out of or relating to this PROMISSORY NOTE, as the plaintiff in such action or

proceeding may elect and the SUBSCRIBER hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in any of such courts. The SUBSCRIBER irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to laying of venue of any suit, action or proceeding with respect to this PROMISSORY NOTE brought in any court aforementioned, and the SUBSCRIBER further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. The SUBSCRIBER hereby expressly waives all rights to any other jurisdiction, which they may now or hereafter have any reason of its present or subsequent domicile.

The SUBSCRIBER hereby consents to service of process upon them in any action or proceeding arising out of or relating to this PROMISSORY NOTE: (i) if in the State of New York, United States, at the address of CT Corporation System (the "Process Agent"), (ii) and in the Federal District of Mexico or in Monterrey, N.L., Mexico, at the domicile appearing under their respective name in this signature page.

This PROMISSORY NOTE is executed in an English and Spanish version, both of which shall bind the SUBSCRIBER and constitute one and the same PROMISSORY NOTE, provided however, that in the case of doubt as to the proper interpretation or construction of this PROMISSORY NOTE; the English text shall be controlling in all cases, except that in the case of any legal proceeding instituted in any court of Mexico the Spanish text shall be controlling.

This PROMISSORY NOTE is executed in Chicago, Illinois, USA, on June 22nd, 1994.

THE SUBSCRIBER

/s/Charles W. Daggs

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By: Rodman & Renshaw Capital Group, Inc.
represented by Mr. Charles W. Daggs

Address: 120 South LaSalle Street
Chicago, Illinois 60603, USA

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT ("the Agreement") is made as of April 11, 1994, by and between Charles W. Daggs, III (the "Executive") and Rodman & Renshaw Capital Group, Inc., (the "Company").

RECITALS:

A. The Company wishes to employ the Executive as President and Chief Executive Officer of the Company on the terms and conditions set forth in this Agreement.

B. The Executive wishes to be employed by the Company as President and Chief Executive Officer of the Company on the terms and conditions set forth in this Agreement.

AGREEMENTS

In consideration of the mutual covenants in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and the Executive agree as follows:

1. Employment of the Executive. The Company employs the Executive as the Company's President and Chief Executive Officer, and the Executive accepts such employment and agrees to act as an employee of the Company, all in accordance with the terms and conditions of this Agreement.

2. Term of Employment. Subject to the provisions of Section 9, the Executive's employment under this Agreement will begin on the date of this Agreement and will continue until June 30, 1996, subject to extension by mutual agreement.

3. Warrant of Authority. The Executive warrants and promises that execution of this Agreement will not violate the terms of any other contract or agreement to which he may be a party. The Executive warrants that he is bound by no other employment agreement, restrictive covenant, or confidentiality agreement with any other party at the time of execution of this Agreement. Breach of this warranty will constitute "just cause" as defined in Section 10 of this Agreement.

4. Offices and Duties. The Executive shall perform, subject to the direction of the Company's Board of Directors, executive services for the Company as may be consistent with his title, along with those other duties that may be assigned from time to time by the Company's Board of Directors. During this Agreement's term, the Executive's best efforts shall be devoted to the affairs and business of the Company, as is customarily required for the position of President and Chief Executive Officer. The services of the Executive shall be rendered principally in Chicago, Illinois, but the Executive shall do any travelling on behalf of the Company as may be reasonably required.

5. Compensation.

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- (a) Base Salary. During the Employment Period, the Company shall pay the Executive a base salary at a rate of Three Hundred Thousand Dollars per year in equal bi-monthly installments (the "Base Salary").

(b) Bonuses. (i) Signing Bonus. The Executive will receive a one time signing bonus of \$500,000 payable no later than May _____, 1994.

(ii) Incentive Bonus. The Executive will receive an incentive bonus for each of the two twelve month periods commencing July 1, 1994 and July 1, 1995, respectively, based on the Company's income before income taxes ("IBT") and calculated as follows:

<TABLE>
<CAPTION>

IBT (Without Giving Effect to this Bonus) -----	BONUS -----
<S> \$0 - \$5,000,000	<C> 5% of IBT
\$5,000,000.01 - \$10,000,000	\$250,000 plus 7.5% of IBT exceeding \$5,000,000
\$10,000,000.01 - \$15,000,000	\$625,000 plus 10% of IBT exceeding \$10,000,000
More than \$15,000,000	\$1,125,000 plus such percentage of IBT exceeding \$15,000,000 to be determined by the Board of Directors of the Company up to a maximum of 5%

</TABLE>

(iii) Guaranteed Bonus. Notwithstanding the foregoing set forth in Section 5(b)(ii): (A) the incentive bonus for each of the two twelve month periods commencing July 1, 1994 and July 1, 1995 shall be no less than \$600,000 and (B) no portion of the incentive bonus for either such period shall be due to the Executive unless he is employed by the Company at the end of the respective period.

(c) Stock Options. The Executive will be granted options to purchase 100,000 common shares of the Company on the first day of employment at the fair market value of the Company's common stock on that date pursuant to the Company's stock option plan. Fifty percent (50%) of such options will be exercisable on June 30, 1996 and the remaining fifty percent (50%) will become exercisable on June 30, 1997, in either case exercisability shall be conditioned on the Executive's continued employment by the Company on such dates. The Board of Directors may grant the Executive additional stock options in its discretion.

(d) Benefits. The Executive shall be entitled to participate in any welfare and benefit plans relating to pension, profit sharing, or other retirement benefits, along with any medical, dental, life insurance coverage, disability insurance coverage, or

reimbursement plans that the Company may offer to executive employees from time to time.

- (e) Withholding. All compensation payable to the Executive under this Agreement is stated in gross amounts and will be subject to all applicable withholding taxes, other normal payroll deductions, and any other amounts required by law to be withheld.
- (f) Expenses. The Company, in accordance with its policies, shall pay or reimburse the Executive for all expenses (including travel and entertainment expenses) reasonably incurred by the Executive during the Employment Period in connection with the performance of the Executive's duties under this Agreement, provided that the Executive shall provide to the Company documentation or evidence of expenses for which the Executive seeks reimbursement. The Executive will travel coach class for all domestic flights within the United States. The Executive may, in his own discretion, travel on business class for international flights.

6. Restricted Activities. The Executive agrees that during employment, except with the express consent of the Company's Board of Directors, the Executive will not, directly or indirectly, engage or participate in, become a director of, or render advisory or other services for, or in connection with, or become interested in, or make any financial investment in any firm, corporation, business, entity, or business enterprise competitive with any business of the Company, or to serve on any Board of Directors of any other entity without the prior consent of the Company's Board of Directors. This restriction does not prevent the Executive from purchasing shares in publicly traded companies in amounts of less than \$50,000 in any one company. It also will not require the liquidation of the Bear Stearns stock accumulated in the Partner's Capital Accumulation Plan.

7. Remedies. The Executive agrees and acknowledges that by virtue of this employment, the Executive will obtain an intimate knowledge of the Company's activities and affairs, including trade secrets and other confidential matters. As a result, and also because of the special, unique, and extraordinary services that the Executive is capable of performing for the Company or one of its competitors, the Executive recognizes that the services to be rendered are of a character giving them a peculiar value, the loss of which cannot be adequately or reasonably compensated for by damages. The Executive agrees that if the Executive fails to render to the Company the services required, the Company shall be entitled to immediate injunctive or other equitable relief to restrain the Executive, in addition to any other remedies to which the Company may be entitled under law.

8. Regulatory Compliance. The Executive shall at all times act in strict compliance with all applicable statutes, rules, and regulations of any governmental entity, agency, or self-regulatory body governing the Executive's activities. The Executive further agrees to act in accordance with and subject to the policies and procedures adopted by the Company from time to time as set forth in the Company's Compliance and Supervisory Procedures Manual (the "Manual"), a copy of which the Executive hereby acknowledges having received and read, and which, as amended from time to time, is incorporated herein by reference in its entirety. The Executive agrees at any time upon the Company's request to provide full information upon any subject which relates to the Executive's or any other person's compliance with applicable

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securities laws and or the Manual, and to provide all business records relative to the Company's inquiry. The Executive further agrees to inform the Company immediately in writing in the event: (i) the Executive becomes a subject of any formal or informal inquiry, investigation or order by any State, federal or self-regulatory body; (ii) the Executive is notified of any threatened litigation or arbitration; (iii) the Executive's registration or license to sell or deal in securities or commodities is or may be refused, suspended, or revoked; (iv) the Executive is or may be enjoined temporarily or otherwise from selling or dealing in securities or commodities; (v) the Executive is summoned, arraigned, arrested, or indicted for a criminal offense; or (vi) the Executive becomes subject to bankruptcy proceedings.

9. Noncompetition, Nonsolicitation, and Confidentiality. The Executive agrees that he will not, directly or indirectly (whether as owner, partner, shareholder, agent, employee, independent contractor, consultant, or otherwise), during the Employment Period and for a period of one year following the termination or expiration of the Employment Period:

- (a) solicit or attempt to solicit any person or entity, wherever located, that was a customer of the Company during the Employment period, for the purpose of soliciting business for or on behalf of any person or entity (other than the Company) engaged in a Company Business;
- (b) employ, engage, or solicit for employment or engagement (or encourage any other person or entity to take such action regarding) any person who has been employed or engaged by the Company during the preceding twelve months; or
- (c) (i) disclose, divulge, or communicate, directly or indirectly, any Confidential Information (as defined below) to any person or entity not employed or engaged by the Company, except as may be required to perform his duties under this Agreement; or (ii) use, directly or indirectly any Confidential Information for the benefit of any person or entity other than the Company.

The Executive acknowledges and agrees that the provisions of this Section 9 are reasonable in duration and scope and in all other respects. The provisions of this Section 9 will survive termination or expiration of this Agreement.

10. Termination

- (a) Notwithstanding anything to the contrary in this Agreement, the Company may terminate this Agreement for Just Cause (as defined below) by providing to the Executive written notice of termination; the notice of termination must state the grounds for termination for Just Cause. Upon termination of employment for Just Cause, the Employment Period will immediately end and the Executive will not be entitled to receive any further compensation, whether in the form of Base Salary, Bonuses, or Benefits or otherwise.
- (b) Notwithstanding anything to the contrary in this Agreement, this Agreement, the Employment Period, and all obligations of the Company to pay the Executive any further compensation, whether in the form of Base Salary, Bonuses,

or Benefits (other than death and disability benefits, if any) or otherwise, will terminate upon the death or disability of the Executive. "Disability" will be deemed to have

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occurred whenever the Executive has suffered physical or mental illness, injury, or infirmity that prevents the Executive from fulfilling his duties under this Agreement for sixty (60) consecutive days and the Company's Board of Directors determines, in good faith, that such illness or other disability is likely to continue.

- (c) Notwithstanding anything to the contrary in this Agreement, the Company may elect not to utilize the Executive's services during the remainder of the Employment Period and relieve the Executive of any further obligation to perform his duties under this Agreement. If the Company so elects, then the Executive shall cease to occupy his office or otherwise have access to the Company's premises, but the Company will remain obligated to pay the Executive the Base Salary and Benefits during the remainder of the Employment Period (the "Remaining Compensation").

In such event, the Executive will not be required to mitigate the amount of Remaining Compensation by seeking other employment during the remainder of the Employment Period, but if the Executive secures other employment during such period, then the amount of gross compensation received by the Executive from such other employment shall be offset by the Company against compensation owed to the Executive.

11. Definitions. As used in this Agreement:

"Just Cause" means (a) an act of fraud or dishonesty by the Executive that results directly or indirectly in gain or personal enrichment of the Executive at the Company's expense, (b) an act by the Executive that the Company's Board of Directors reasonably believe constitutes a felony, (c) conduct on the Executive's part intended to or likely to injure the Company's business or reputation, or (d) any material breach by the Executive of any of the provisions of this Agreement.

"Confidential Information" means all customer lists, supplier lists, and other information of a business or technical nature disclosed to, learned, or developed by the Executive in the course of his employment by the Company, relating to the Business, the business of any customer or supplier of the Company, or the business of any other person or entity that consults with or is in any way affiliated with the Company. "Confidential Information" does not include information that is publicly available through no fault of the Executive.

12. Remedies. Both parties recognize that a breach by the Executive of the provisions of this Agreement would irreparably harm the Company. Accordingly, if the Executive breaches or threatens to breach any of the provisions of this Agreement, in addition to all other remedies available to it in law or equity or under this Agreement, the Company will be entitled to

have an injunction issued by any court of competent jurisdiction enjoining and restraining the Executive from doing any act in violation of any of the provisions of this Agreement. The parties agree that the party at fault shall reimburse the other party for all reasonable attorneys' fees that the other party incurs in pursuing its remedies under this Agreement.

13. Miscellaneous

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- (a) Notices. All notices and other communications between the parties pursuant to this Agreement shall be in writing and will be deemed given when delivered in person, one business day after being dispatched by a nationally recognized overnight courier service, or three business days after being deposited in the U.S. Mail, registered or certified mail, return receipt requested, addressed as follows:

If to the Company: Rodman & Renshaw Co., Inc.
120 South LaSalle Street
Chicago, Illinois 60603
Attn: General Counsel

If to the Executive: Charles W. Daggs, III

- (b) Governing Law. This Agreement will be subject to and governed by the laws of the State of Illinois, without regard to principles of conflicts of laws.
- (c) Binding Effect. This Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, executors, administrators, successors, and assigns, subject to the limitations or assignment in Section 12(h).
- (d) Entire Agreement. This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement and supersedes any other agreements, whether oral or written, between the parties with respect to the subject matter of this Agreement.
- (e) Modification. No change or modification of this Agreement will be valid unless it is in writing and signed by both of the parties. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person or party to be charged.
- (f) Severability. If any provision of this Agreement is, for any reason, invalid or unenforceable, the remaining provisions of this Agreement will nevertheless be valid and enforceable and will remain in full force and effect. Any provisions of this Agreement that are held invalid or

unenforceable by a court of competent jurisdiction will be deemed modified to the extent necessary to make them valid and enforceable and as so modified will remain in full force and effect.

- (g) Headings. The headings of this Agreement are inserted for convenience only and are not to be considered in the interpretation of construction of the provisions of this Agreement.
- (h) Assignability. This Agreement may not be assigned by either party without the prior written consent of the other party, except that the Company may assign its

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rights to, and cause its obligations under this Agreement to be assumed by, any person or entity to whom or to which the Company simultaneously transfers by sale, merger, or otherwise all or substantially all of its assets.

- (i) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the Executive and the Company to express their mutual intent, and no rule of strict construction will be applied against the Executive or the Company.
- (j) Non-Discrimination. The Company agrees to comply with all applicable laws, regulations, or ordinance governing this employment, including but not limited to the Civil Rights Act of 1964 (Title VI), the Age Discrimination in Employment Act (ADEA), the Americans With Disabilities Act (ADA), and the Older Workers Benefit Protection Act, along with their state or local counterparts. The Company agrees not to discriminate against the Executive with regard to any term or condition of employment on the basis of race, color, national origin, religion, sex, age (40 and above), or non-job related disability.
- (k) Arbitration. All disputes arising out of or concerning the interpretation or application of this Agreement, including without being limited to any claims that the application of this Agreement or the termination of the employment relationship established by this Agreement violates any federal, state, or local law, regulation, or ordinance (including but not limited to those set forth in Section 12(j) above), shall be resolved timely and exclusively by final and binding arbitration pursuant to the rules of either the New York Stock Exchange or the National Association of Securities Dealers, Inc. Arbitration must be demanded within 20 calendar days of the time when the demanding party knows or should have known of the event or events giving rise to the claim. The arbitration opinion and award shall be final and binding on the Company and the Executive and shall be enforceable by any court. The Company and the Executive shall share equally all costs of arbitration excepting their own attorneys' fees, unless and

to the extent ordered by the arbitrators to pay the attorneys' fees of the prevailing party.

This section is intended by the Company and the Executive to be enforceable under the Federal Arbitration Act. Should it be determined by any court that the act does not apply, then it shall be enforceable under the arbitration statute of the State of Illinois.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

/s/Charles W. Daggs, III

Charles W. Daggs, III

RODMAN & RENSHAW CAPITAL GROUP, INC.

By: /s/Jorge Lankenau Rocha

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Mr. David H. Shulman
20 Beechcroft Road
Greenwich, Connecticut 06830

Dear Mr. Shulman

This will confirm our arrangements with respect to your employment as Managing Director of the Fixed Income Group of Rodman & Renshaw, Inc.

As Managing Director of the Fixed Income Group, you will be the senior officer in charge of the Group, responsible for the conduct and policies of the Group, the employment, retention and compensation of its personnel, and other administrative duties as the senior officer. The firm will commit capital to the Group adequate to sustain its activities, but in an amount not less than the 9,000,000 committed to the Group at the present time. You will devote your full time and efforts to the business and affairs of the Group. The firm recognizes that your administrative duties hereunder will restrict your abilities to produce revenues directly and no minimum production shall be required of you.

Your employment is for a term of three years commencing February 14, 1994. Your compensation will consist of fixed compensation, at the rate of \$1,300,000 per annum, payable monthly, plus additional compensation equal to 15% of the net pretax profits of the Group. All production by you shall be included as revenues of the Group. The additional compensation shall be paid promptly after completion of the year-end financial statements of the firm, and shall be appropriately adjusted in the first and third years of employment to reflect the partial year. You shall also be entitled to receive all other employee benefits generally made available to senior officers of Rodman & Renshaw, Inc. and Rodman & Renshaw Capital Group, Inc., including the distribution of stock options and participation in the SERP plan.

Your employment shall not be terminable by the firm except for (a) death, (b) your inability because of permanent disability to perform your duties hereunder for a period of 180 consecutive days, (c) cause, which shall mean conviction for the wilful commission of a felony or persistent, wilful refusal to conform to policies of the Board of Directors of the firm, after reasonable time to remedy the failure to conform, or (d) without cause. In the event the employment is terminated without cause, you will be entitled to receive the fixed compensation hereunder, with no duty to mitigate the amount due to you, plus all other employee benefits as if you were continued to be employed hereunder. You shall be entitled to terminate your employment hereunder at any time on 30 days' notice to the firm.

Although your employment shall be Rodman & Renshaw, Inc., this letter agreement is signed by Rodman & Renshaw Capital Group, Inc., Abaco Casa de

Bolsa, S.A. de C.V. and Abaco Grupo Financiero, S.A. de C.V., each of which by its execution of this agreement agrees to be bound by the terms hereof and guarantees performance of this agreement, it being understood and agreed that the obligations to you hereunder shall survive termination of the Fixed Income Group or the sale or liquidation of Rodman & Renshaw, Inc.

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This agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to choice of law or conflict of laws principles. This agreement may not be amended except by an instrument in writing.

If this is in accordance with your understanding, please sign below, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

ABACO GRUPO FINANCIERO, S.A. de C.V.

By:/s/Jorge Lankenau Rocha

Jorge Lankenau Rocha
Chairman of the Board of Grupo
Financiero and Casa de Bolsa

By:/s/Eduardo Camarena Legaspi

Eduardo Camarena Legaspi
Director of Grupo Financiero and Casa de Bolsa
and President of Casa de Bolsa

RODMAN & RENSHAW, INC.
RODMAN & RENSHAW CAPITAL GROUP, INC.

By:/s/Joseph P. Shanahan

Joseph P. Shanahan, Director,
Vice President and Acting Chief Executive
Officer of Rodman & Renshaw Capital Group, Inc.

Agreed and Accepted:

/s/David H. Shulman

David H. Shulman

Dated: New York, N.Y.
February 14, 1994

June 20, 1994

Mr. F.L. Kirby
1294 S. Fiore Dr.
Lake Forest, IL 60045

Dear F.L.:

Pursuant to our discussions, this letter summarizes our offer of employment with Rodman & Renshaw.

1. You will be appointed as Chairman of the firm's Retail Sales Advisory Committee, with the primary responsibility for coordinating efforts of the firm's sales organization and senior management in developing and executing a business strategy for maximizing the productivity of individual registered representatives. You will receive an annual salary of \$25,000 for serving in this capacity.
2. During the first three months following your employment and the obtaining of regulatory approvals, you will receive a guaranteed payment of \$20,000 per month and commission payouts on your gross production based upon the standard commission grid. Thereafter, your commission payout will be based upon the standard commission grid then in effect.
3. Rodman agrees to assist you in resolving any contractual disputes you might have with your current employer. Additionally, to the extent that you are required to repay amounts to such employer pursuant to the forgivable note you executed upon commencing your employment there, Rodman agrees to pay such amounts on your behalf. Any amounts so paid by Rodman will not include or take into account any monies set off by your current employer relative to amounts owing to you in connection with your acquisition of securities of such employer.
4. As Chairman of the Retail Sales Advisory Committee, at fiscal year end you will be entitled to receive options to acquire Rodman common stock. As required under Rodman's 1994 Stock Option Plan, the number of such options and the vesting schedule thereof will be at the discretion of the Compensation Committee, based upon your contributions to the firm's success.

5. If you agree to the foregoing, I will arrange for your nomination to the Board of Directors at the next meeting of the Board.

F.L., I look forward to working with you for many successful years to come. Please indicate your acceptance of the above by signing this letter where indicated.

Sincerely,

/s/Charles W. Daggs, III

Charles W. Daggs, III

Agreed and accepted this 24th day of June, 1994.

/s/F.L. Kirby

- - - - -

F.L. Kirby

RODMAN & RENSHAW CAPITAL GROUP, INC.

SUBSIDIARIES

COMPANY -----	STATE OF INCORPORATION -----
RODMAN & RENSHAW, INC.	DELAWARE
RODMAN ADVISORY SERVICES, INC.	DELAWARE
RODMAN & RENSHAW CHICAGO THEATRE LTD.	DELAWARE
RODMAN & RENSHAW FUTURES MANAGEMENT INC.	DELAWARE
RODMAN RIVER WEST, INC.	DELAWARE
RODMAN SELF STORAGE, INC.	DELAWARE

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-73206 of Rodman & Renshaw Capital Group, Inc. on Form S-8 of our report dated August 19, 1994, appearing in this Annual Report on Form 10-K of Rodman & Renshaw Capital Group, Inc. for the year ended June 24, 1994.

/s/ Deloitte & Touche LLP

Chicago, Illinois
September 21, 1994

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