

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14F1/A

Statement regarding change in majority of directors pursuant to Rule 14f-1 [amend]

Filing Date: **1994-01-06**
SEC Accession No. **0000950124-94-000083**

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SUBJECT COMPANY

RODMAN & RENSHAW CAPITAL GROUP INC

CIK: **726977** | IRS No.: **363111956** | State of Incorporation: **DE** | Fiscal Year End: **0630**
Type: **SC 14F1/A** | Act: **34** | File No.: **005-37801** | Film No.: **00000000**
SIC: **6211** Security brokers, dealers & flotation companies

Business Address
*120 S LASALLE ST 9TH FLR
CHICAGO IL 60603
3129777800*

FILED BY

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RODMAN & RENSHAW CAPITAL GROUP, INC.
 120 SOUTH LASALLE STREET
 CHICAGO, ILLINOIS 60603

INFORMATION STATEMENT PURSUANT TO
 SECTION 14(f) OF THE SECURITIES
 EXCHANGE ACT OF 1934 AND RULE 14f-1 THEREUNDER

NO VOTE OR OTHER ACTION OF THE COMPANY'S
 STOCKHOLDERS IS REQUIRED IN CONNECTION WITH
 THIS INFORMATION STATEMENT. NO PROXIES ARE BEING
 SOLICITED AND YOU ARE REQUESTED NOT TO
 SEND THE COMPANY A PROXY.

This Information Statement, which is being mailed on or about December 7, 1993 to the holders of shares of Common Stock, par value \$.09 per share (the "Shares"), of Rodman & Renshaw Capital Group, Inc. (the "Company"), is being furnished in connection with the designation by Abaco Grupo Financiero S.A. de C.V., a Mexican corporation ("Parent"), and Abaco Casa de Bolsa, S.A. de C.V., Abaco Grupo Financiero, a Mexican corporation that is a 99.99% owned subsidiary of Parent ("Purchaser"), of persons ("Parent Directors") to the Board of Directors of the Company (the "Board"). Such designation is to be made pursuant to an Acquisition Agreement, dated as of November 17, 1993 (the "Acquisition Agreement"), by and among the Company, Parent and Purchaser. Pursuant to the Acquisition Agreement, Purchaser commenced an offer to purchase 2,233,991 Shares at \$10.50 per Share, net to the sellers in cash (the "Offer"), on November 23, 1993. Purchaser has amended its Offer to Purchase, dated November 23, 1993, to provide that upon the terms and subject to the conditions of the Offer, Purchaser will accept for payment and thereby purchase, and will pay for 2,363,003 Shares, constituting the sum of 2,233,911 Shares, which is equal to 51% of the outstanding Shares, plus 129,092 Shares, which is equal to 51% of the excess of the number of vested Company employee stock options (or options that would vest prior to the scheduled expiration of the Offer) over the number of such options that are to be cancelled prior to the expiration of the Offer. Consummation of the Offer is subject to various conditions, including a minimum tender of at least 51% of the outstanding shares of the Company or such smaller number of Shares as would result (together with the purchase at the Offer price of up to 220,000 Shares from the Company) in Purchaser becoming the owner of at least 51% of the outstanding Shares. Other conditions to the Offer include the absence of any material adverse changes in the Company's business, necessary United States and Mexican regulatory approvals, and other conditions typical in transactions of this type. The Offer is scheduled to expire at 12:00 midnight, New York City time, on Tuesday, December 21, 1993, at which time, upon the expiration of the Offer, if all conditions of the Offer have been satisfied or waived, Purchaser has informed the Company that it intends to purchase all Shares validly tendered pursuant to the Offer and not withdrawn.

The Acquisition Agreement provides that, upon the purchase of Shares pursuant to the Offer, and simultaneously with the closing of the Offer (the "Tender Closing Date"), the Company will take action to amend its by-laws to (A) provide for not less than 11 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, 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. The Company has also agreed to cause the Board on the Tender Closing Date to consist of 11 Parent Directors, 2 Independent Directors and 8 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. "Company Directors" initially means the following persons, each of whom is currently a director of the

Company: Messrs. Kurt B. Karmin, Victor C. Chigas, Mark J. Grant, Lawrence R. Helfand, Scott H. Lang, Norman E. Mains, Gregory P. Quinlivan and Peter J. Schild; provided that in the event that any of such initial directors resigns or otherwise ceases to be a director for any reason, then, during the three years

after consummation of the Offer, 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 3. Each of the initial 11 Parent Directors, 2 Independent Directors and 8 Company directors will hold office until such director's successor is elected and qualified or until such director's earlier resignation or removal.

The terms of the Acquisition Agreement and other information concerning the Offer are contained in the Offer to Purchase, dated November 23, 1993, as amended on December 7, 1993, and as further amended from time to time, the related Letter of Transmittal, dated November 23, 1993, and the Solicitation/Recommendation Statement on Schedule 14D-9 of the Company, dated November 23, 1993, as amended on December 7, 1993, and as further amended from time to time (the "Schedule 14D-9"), with respect to the Offer, copies of which have been previously delivered to stockholders of the Company. Certain other documents were filed with the Securities and Exchange Commission (the "SEC") as exhibits to the Tender Offer Statement on Schedule 14D-1, dated November 23, 1993, as amended from time to time (the "Schedule 14D-1") of Purchaser and as exhibits to the Schedule 14D-9. The exhibits to the Schedule 14D-1 and the Schedule 14D-9 may be examined at and copies thereof may be obtained from the SEC (except that the exhibits thereto cannot be obtained from the regional offices of the SEC). The discussion of any such document included herein is qualified in its entirety by reference to the text of such document.

NO ACTION IS REQUIRED BY THE STOCKHOLDERS OF THE COMPANY IN CONNECTION WITH THE ELECTION OF PARENT DIRECTORS TO THE BOARD. HOWEVER, SECTION 14(F) OF THE EXCHANGE ACT REQUIRES THE MAILING TO THE COMPANY'S STOCKHOLDERS OF THE INFORMATION SET FORTH IN THIS INFORMATION STATEMENT PRIOR TO A CHANGE IN A MAJORITY OF THE COMPANY'S DIRECTORS.

The information contained in this Information Statement concerning Parent, Purchaser and Parent Directors has been furnished to the Company by such persons, and the Company assumes no responsibility for the accuracy or completeness of such information. The principal executive offices of Parent and Purchaser are located at Montes Rocallosos 505 Sur, Residencial San Agustin, 66260, Garza Garcia, N.L. Mexico.

1. CERTAIN INFORMATION CONCERNING PARENT DIRECTORS.

As of the date of this Information Statement, the Parent Directors are listed on Schedule I annexed hereto, which Schedule includes certain information regarding such persons. Parent has informed the Company that each of such persons listed in Schedule I has consented to act as a director. Parent has also informed the Company that no determination has yet been made as to the identity of the 2 Independent Directors. The election of the Parent Directors and Independent Directors will be accomplished at a meeting or by written consent of the Board.

None of the Parent Directors currently is a director of, or holds any position with, the Company. The Company has been advised by Parent that, to the best of its knowledge, none of the Parent Directors beneficially owns any equity securities, or rights to acquire any equity securities, of the Company or has been involved in any transactions with the Company or any of its directors, executive officers or affiliates which are required to be disclosed pursuant to the rules and regulations of the SEC.

2. CERTAIN INFORMATION CONCERNING THE COMPANY.

General. The Shares are the only class of voting stock of the Company outstanding and each Share is entitled to one vote. There were 4,380,217 Shares issued and outstanding on November 1, 1993.

Current Directors and Executive Officers of the Company. The Board currently consists of eleven members with one vacancy. The Board currently is composed of three classes, each serving for a three-year term.

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The following table sets forth information concerning the age, current positions with the Company, and term of office as a director and period of service as such, for all of the directors of the Company, as of November 1, 1993:

<TABLE>
<CAPTION>

YEAR BECAME A DIRECTOR

NAME	AGE	(EXPIRATION OF CURRENT TERM)	OFFICE & TITLE
<S>	<C>	<C>	<C>
Vaughn R. Blake.....	43	1992 (1995)	Director
Victor C. Chigas.....	66	1989 (1994)	Executive Vice President and Director
Mark J. Grant(1).....	42	1991 (1995)	Executive Vice President and Director
Lawrence R. Helfand.....	57	1981 (1993)	Executive Vice President and Director
Jonathon D. Kantor.....	38	1993 (1993)	Director
Kenneth M. Karmin.....	32	1990 (1993)	Director
Kurt B. Karmin.....	65	1988 (1995)	Chairman of Board of Directors and Chief Executive Officer
Scott H. Lang.....	46	1985 (1994)	Executive Vice President and Director
Norman E. Mains.....	50	1991 (1994)	President, Chief Operating Officer and Director
Gregory P. Quinlivan.....	33	1992 (1993)	Secretary, General Counsel, Executive Vice President and Director
Peter J. Schild.....	46	1993 (1994)	Chief Financial Officer, Executive Vice President and Director

</TABLE>

(1) Served previously as a director of the Company from 1987 to 1988.

Information is furnished below concerning the business experience of directors and executive officers, including the period of service of executive officers.

VAUGHN R. BLAKE has served since 1987 as a Managing Director for Creditanstalt International Advisers, Inc., an investment banking subsidiary of Creditanstalt-Bankverein, which provides corporate finance advisory, securities brokerage and money management services.

VICTOR C. CHIGAS has served since June 1991 as an Executive Vice President of the Company and Rodman & Renshaw, Inc. ("Rodman"), a wholly-owned subsidiary of the Company, having served previously as a Senior Vice President of both companies since 1988. Prior to such time, Mr. Chigas was a Senior Vice President of the Investment Management Group of Drexel Burnham Lambert Inc.

MARK J. GRANT served as a Senior Vice President of the Company and Rodman from 1987 to 1989, and has served as an Executive Vice President of the Company and Rodman since then. Mr. Grant has also served as Managing Director of Rodman's Fixed Income Department since 1990.

LAWRENCE R. HELFAND has served as an Executive Vice President of the Company and Rodman since 1988, and was a Senior Vice President prior thereto. Mr. Helfand is also Rodman's Managing Director of Retail Sales.

JONATHON D. KANTOR is a partner with the law firm of Shea & Gould, a nationwide law firm headquartered in New York City. Mr. Kantor has been with that firm since 1980. Mr. Kantor also serves on the board of directors of First City Industries, Inc. and the American Symphony Orchestra.

KENNETH M. KARMIN has served as a managing director with Credit Agricole since August 1993. From 1988 to 1993 Mr. Karmin served as a Senior Vice President of the Company and Rodman, and was also

Managing Director of Rodman's Financial Futures and Options Department. Prior to such time, Mr. Karmin was employed by Drexel Burnham Lambert Inc., as a First Vice President in its Institutional Financial Futures Division.

KURT B. KARMIN has served as Chairman of the Board of Directors and Chief Executive Officer of the Company and Rodman since 1990. From 1988 to 1990, Mr. Karmin served as a Vice Chairman of the Company and Rodman, and President of the Company. Prior to joining the Company and Rodman, Mr. Karmin was a Senior Vice President in charge of Midwest Operations for Drexel Burnham Lambert Inc.

SCOTT H. LANG has served as an Executive Vice President of the Company and Rodman since 1988, and was a Senior Vice President prior thereto. Mr. Lang is also Managing Director of Rodman's Investment Banking Department, and a director of Pacific International Services Corp.

NORMAN E. MAINS has served as President and Chief Operating Officer of the Company and Rodman since March, 1991. Prior thereto, Mr. Mains served as Executive Vice President for the firm of Bateman Eichler, Hill Richards, Inc., from 1988 to 1991. Mr. Mains also served as First Vice President and Director of Research for Drexel Burnham Lambert Inc. from 1982 to 1988. Mr. Mains is also a director of Suncoast Savings & Loan Association, Hollywood, Florida.

GREGORY P. QUINLIVAN has served since 1991 as Secretary and General Counsel of the Company and Rodman. Mr. Quinlivan previously was Senior Attorney for the Chicago Board of Trade from 1989-1991 and an enforcement attorney for the Securities and Exchange Commission from 1987-1989.

FREDERICK G. UHLMANN, age 63, has served as an Executive Vice President of the Company and Rodman since 1990, and previously served as a Senior Vice President since joining the Company and Rodman in 1988. He was a director of the Company from 1989 until 1993. Mr. Uhlmann has also served as Managing Director of Rodman's Commodities Department since 1988. Prior to joining the Company and Rodman, Mr. Uhlmann was a Senior Vice President with Bear, Stearns & Co. Inc.

PETER J. SCHILD has served as Executive Vice President and Chief Financial Officer of the Company and Rodman since 1992. Prior to joining the Company and Rodman, Mr. Schild served as Senior Vice President and Treasurer of Drexel Burnham Lambert Inc. from 1987 to 1992.

All officers of the Company serve at the discretion of the Board of Directors. Certain of the Company's executive officers and directors 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, except that Kenneth M. Karmin is the son of Kurt B. Karmin.

On November 16, 1993, Mr. Kurt B. Karmin stepped down as Chief Executive Officer, while remaining as Chairman of the Board, and Mr. Norman E. Mains was elected to the additional position of Chief Executive Officer.

Board and Committee Meetings. The Board of Directors held eleven meetings (exclusive of committee meetings) during the fiscal year of the Company ended on June 25, 1993. Each of the directors attended at least 75% of the Board meetings that he was eligible to attend during such year. Each director who was a member of a Board committee during the fiscal year ended June 25, 1993 attended at least 75% of the meetings of each committee that he was eligible to attend as a member.

(i) Executive Committee. The Executive Committee of the Board of Directors, which currently consists of Messrs. Victor C. Chigas, Lawrence R. Helfand, Kurt B. Karmin, Scott H. Lang and Norman E. Mains, meets as required. The Executive Committee has the authority, between meetings of the Board of Directors, to take all actions with respect to the management of the Company's business that require action of the Board of Directors, except with respect to certain matters that by law must be approved by the entire Board. The Executive Committee met approximately 30 times during the fiscal year of the Company ended June 25, 1993.

(ii) Audit Committee. The Audit Committee currently consists of Mr. Vaughn R. Blake, who is a director not otherwise employed by the Company or any of its subsidiaries or otherwise affiliated with the management of the Company or its subsidiaries. The Audit Committee is responsible for reviewing and helping to ensure the integrity of the Company's financial statements. Among other matters, the Audit

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Committee reviews the Company's internal accounting controls and financial statements, reviews with the Company's independent accountants the scope of their audit, their report and their recommendations and recommends the selection of the Company's independent accountants. The Committee met three times during the fiscal year of the Company ended June 25, 1993.

(iii) Compensation Committee. The Compensation Committee, which currently consists of Messrs. Victor C. Chigas and Vaughn R. Blake, formulates recommendations to the Board with respect to compensation to be paid to executive officers and other key managerial personnel of the Company. The

Compensation Committee met two times during the fiscal year of the Company ended June 25, 1993.

(iv) Nominating Committee. The Nominating Committee, which currently consists of Messrs. Victor C. Chigas, Lawrence R. Helfand and Norman E. Mains, makes recommendations to the Board of Directors in regard to persons who might be considered for nomination or appointment to the Board, and with respect to persons who might be selected as executive officers of the Company. The Nominating Committee met three times during the fiscal year of the Company ended June 25, 1993.

Compensation Committee Interlocks and Insider Participation. Mr. Victor C. Chigas and Mr. Norman E. Mains, who served during the fiscal year ended June 25, 1993 as members of the Compensation Committee, were each, during the fiscal year, executive officers of the Company. Mr. Vaughn R. Blake, a director of the Company, who served during the fiscal year ended June 25, 1993, as a member of the Company's Compensation Committee, is 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 25, 1993, of LIBOR plus 3%, due in eight annual installments beginning October 1, 1993. During the fiscal year ended June 25, 1993, Creditanstalt-Bankverein received interest payments from the Company aggregating \$202,000.

3. CERTAIN INFORMATION CONCERNING DIRECTORS AND EXECUTIVE COMPENSATION.

Director Compensation. Directors who are not otherwise employed by the Company or any of its subsidiaries are entitled to receive an annual retainer of \$5,000 and \$200 for each meeting of the Board of Directors and any committee thereof attended by them. Directors who are otherwise employed by the Company or a subsidiary of the Company are not entitled to any additional compensation for serving as directors.

Executive Compensation. Historically, the Company's executive officers have been paid principally through commissions and incentives on a production basis, with the exception of executive officers having substantial administrative responsibilities.

The following table sets forth information concerning the compensation for each of the Company's last three completed fiscal years of those persons (the "named executive officers") who were, at June 25, 1993 (i) the chief executive officer and (ii) the other four most highly compensated executive officers.

SUMMARY EXECUTIVE COMPENSATION TABLE

<TABLE>
<CAPTION>

NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED JUNE	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	ALL OTHER COMPENSATION (4)
		SALARY	BONUS (2)	OTHER ANNUAL COMPENSATION (3)	STOCK OPTIONS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Kurt B. Karmin(1).....	1993	\$ 75,000	\$ 40,083	\$ 236,697	15,000	\$16,263
Chairman of the Board	1992	75,000	72,000	294,769	0	
of Directors and Chief	1991	75,000	0	338,556	20,000	
Executive Officer						
Victor C. Chigas.....	1993	0	56,741	1,164,444	14,000	47,686
Executive Vice	1992	0	0	984,093	0	
President	1991	0	0	437,884	4,300	
Mark J. Grant.....	1993	100,000	125,000	443,969	15,000	21,862
Executive Vice	1992	82,500	230,150	165,994	0	
President	1991	70,833	35,967	246,298	5,000	
Norman E. Mains(1).....	1993	275,000	40,083	166	12,000	17,546
President and Chief	1992	258,333	98,000	162	50,000	
Operating Officer	1991 (5)	87,179	0	0	0	
Kenneth M. Karmin.....	1993	0	50,441	323,239	0	71,424
Senior Vice President	1992	0	0	379,217	12,500	
	1991	0	0	363,549	0	

</TABLE>

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- (1) On November 16, 1993, Mr. Kurt B. Karmin stepped down as Chief Executive Officer, while remaining as Chairman of the Board, and Mr. Norman E. Mains was elected to the additional position of Chief Executive Officer.
 - (2) Bonuses are based on profitability of the specific department or area, or multiple departments or areas, over which the executive has direct responsibility.
 - (3) 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.
 - (4) Amounts included under "All Other Compensation" consist of (i) Company matching funds under the Company's Retirement and Savings Plan (Mr. Kurt B. Karmin, \$873, Mr. Chigas, \$873, Mr. Grant, \$873, Mr. Mains, \$873, and Mr. Kenneth M. Karmin, \$0.00); (ii) the Company's contributions to the Supplemental Executive Retirement Plan (Mr. Kurt B. Karmin, \$15,390, Mr. Chigas, \$46,813, Mr. Grant, \$20,989, Mr. Mains, \$16,673 and Mr. Kenneth M. Karmin \$0.00); and (iii) in the case of Mr. Kenneth M. Karmin, includes \$64,000 in relocation and living expenses arising from his assignment in London.

In accordance with the transitional provisions of the rules on executive officer compensation adopted by the Securities and Exchange Commission, "All Other Compensation" information is excluded for the Company's 1992 and 1991 fiscal years.

- (5) Mr. Mains joined the Company on February 25, 1991.

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Options.

OPTION GRANTS IN THE FISCAL YEAR
ENDED JUNE 25, 1993

The following table presents information as to stock option awards to each of the named executive officers during the fiscal year ended June 25, 1993. No stock appreciation rights were granted.

<TABLE>
<CAPTION>

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(1)	
	OPTIONS GRANTED (#) (2)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	5%	10%
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Kurt B. Karmin.....	15,000	3.9%	\$ 5.00	5-10-98	\$60,143	\$128,671
Victor C. Chigas.....	14,000	3.6%	5.00	5-10-98	56,134	120,093
Mark J. Grant.....	15,000	3.9%	5.00	5-10-98	60,143	128,171
Norman E. Mains.....	12,000	3.1%	5.00	5-10-98	48,115	102,973
Kenneth M. Karmin.....	--	--	--	--	--	--

</TABLE>

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- (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 Securities and Exchange Commission and are not intended to forecast possible future actual appreciation, if any, in the Company's stock prices.
 - (2) Options granted vest at 20% per year cumulatively and are exercisable upon vesting.

AGGREGATED OPTION EXERCISES IN THE FISCAL YEAR ENDED JUNE 25, 1993
AND OPTION VALUES AT JUNE 25, 1993

The following table provides information as to the value of the options

held by each such executive officer at June 25, 1993. No options were exercised by the named executive officers during the fiscal year ended June 25, 1993. The Company has not granted stock appreciation rights.

<TABLE>
<CAPTION>

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED	NUMBER OF UNEXERCISED OPTIONS AT FY-END (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END (1)
			EXERCISABLE/ UNEXERCISABLE	EXERCISABLE/ UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>
Kurt B. Karmin.....	--	--	43,000/27,000	\$ 6,000/\$20,250
Victor C. Chigas.....	--	--	16,720/16,580	1,290/ 12,435
Mark J. Grant.....	--	--	27,000/18,000	1,500/ 13,500
Norman E. Mains.....	--	--	35,000/27,000	26,250/ 20,250
Kenneth M. Karmin.....	--	--	20,000/7,500	3,750/ 5,625

(1) Based on a closing stock price of \$5.75 per share on June 25, 1993.

Termination Of Employment And Change Of Control Agreements.

Pursuant to a Severance Agreement dated June 29, 1993 entered into between Kenneth M. Karmin and Rodman, in connection with the sale of Rodman's United Kingdom branch to Credit Agricole Futures, SNC, Mr. Karmin has been paid \$135,000 (excluding compensation to which he was otherwise entitled for his services until his resignation on August 20, 1993, as an employee of Rodman).

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On June 28, 1993, the Company entered into a Change of Control Employment Agreement with Norman E. Mains, its President and Chief Operating Officer and a director (the "Employment Agreement"). (On November 16, 1993, Mr. Mains was elected to the additional position of Chief Executive Officer.) The Employment Agreement provides that in the event that there is a Change of Control (as defined therein), which would occur upon consummation of the Offer, the Company agrees to employ Mr. Mains until June 30, 1995 (the "Employment Period") and he agrees to continue his employment with the Company until at least one year after the Change of Control. During the Employment Period, the Company may terminate him for "Cause", which includes 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 may terminate his employment during the Employment Period for "Good Reason", which includes 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.

The Employment Agreement provides that Mr. Mains would be paid an annual base salary during the Employment Period in an amount at least equal to 12 times his highest monthly base salary during the 12-month period before the Change of Control. (See "Summary Executive 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 Employment Agreement) of the Company. If Mr. Mains' employment is terminated without Cause or he terminates employment for Good Reason, then he is entitled to receive his base salary, bonus and benefits as if he had remained employed throughout the Employment Period (at the times he would have been entitled to receive such amounts).

4. CERTAIN INFORMATION CONCERNING SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Security Ownership of Certain Beneficial Owners. As of November 1, 1993, there were 4,380,217 shares of the Company's common stock outstanding. The following persons (and Mr. Kurt B. Karmin, information on whom is provided under the caption "Security Ownership of Management" below) were known by the Company to be the beneficial owners of more than 5% of such outstanding common stock:

<TABLE>
<CAPTION>

NAME AND ADDRESS	NUMBER OF SHARES	PERCENT OF TOTAL
----- <S> Marshall S. Geller(1)..... 1875 Century Park East Suite 1770 Los Angeles, CA 90067	<C> 436,130	<C> 9.96%
Josephthal Holdings Inc.(2)..... Attn: Dan Purjes 200 Park Avenue New York, NY 10166	339,700	7.76%

</TABLE>

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- (1) Based upon information contained in Schedule 13D, as amended, dated September 15, 1993.
- (2) Based upon information contained in Schedule 13D, as amended, dated October 19, 1993.

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Security Ownership of Management. The following table sets forth the beneficial ownership of the Company's common stock as of November 1, 1993 by each director, by each of the named executive officers, and by all directors and executive officers as a group:

<TABLE>
<CAPTION>

NAME	NUMBER OF SHARES (1)	PERCENT OF TOTAL (2)
----- <S>	<C>	<C>
Vaughn R. Blake.....	0	0
Victor C. Chigas.....	95,087	2.16%
Mark J. Grant.....	84,577	1.92%
Lawrence R. Helfand.....	32,100	*
Jonathon D. Kantor.....	0	0
Kenneth M. Karmin.....	135,589	3.08%
Kurt B. Karmin(3).....	314,200	7.10%
Scott H. Lang.....	71,110	1.61%
Norman E. Mains.....	62,500	1.42%
Gregory P. Quinlivan.....	2,800	*
Peter J. Schild.....	18,000	*
All directors and officers as a group (12 persons, including those persons named above).....	841,963	18.18%

</TABLE>

* less than 1%

- (1) Includes 250,820 shares of Common Stock of the Company subject to stock options immediately exercisable (or exercisable within 60 days after November 1, 1993) under the Company's Incentive Stock Option Plan. Of those, options on 43,000 shares were held by Kurt B. Karmin, 16,720 by Mr. Chigas, 27,000 by Mr. Grant, 32,100 by Mr. Helfand, 20,000 by Kenneth M. Karmin, 30,200 by Mr. Lang, 35,000 by Mr. Mains, 2,800 by Mr. Quinlivan and 18,000 by Mr. Schild.
- (2) Pursuant to the requirements of Rule 13d-3d(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 became exercisable within sixty days) held by the persons identified in the above table had been issued to them and were outstanding as of November 1, 1993, or within sixty days thereafter.
- (3) The address of Mr. Kurt B. Karmin, the beneficial owner of more than 5% of the Common Stock of the Company, is 120 South LaSalle Street, Chicago, Illinois 60603.

5. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As a matter of policy, the Company does not intend to make any loans to

directors or executive officers of the Company other than in margin transactions conducted in the ordinary course of the business. Directors and executive officers of the Company maintain margin accounts with the Company pursuant to which the Company may make loans for the purchase of securities. All margin loans are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than the normal risk of collectibility or present other unfavorable features. See also "Compensation Committee Interlocks and Insider Participation."

SCHEDULE I
PARENT DIRECTORS

Parent has designated eleven persons to become members of the Company's Board of Directors pursuant to the terms of the Acquisition Agreement. None of the designees owns any Shares either beneficially or of record. Set forth below for each designee is his age and principal occupations during at least the last five years. The information below concerning these designees is based upon information provided to the Company by Parent and Purchaser.

JORGE LANKENAU ROCHA, 49, is Chairman of the Board of Parent and Purchaser. He served as Chief Executive Officer of Purchaser from 1985 until 1991. He also has served as Chairman of the Board and Chief Executive Officer of Confia S.A., Institucion de Banca Multiple, Abaco Grupo Financiero, Parent's commercial bank subsidiary ("Confia, S.A."), since 1992.

EDUARDO CAMARENA LEGASPI, 43, is the Chief Executive Officer of Purchaser. He has been a Director of Purchaser since 1985, a Director of Parent since 1992 and a Director of Confia, S.A. since 1991.

FERNANDO DE JESUS VALDES MEDINA, 49, is Parent's Chief Financial Officer. He was Purchaser's Director of Planning from 1988 to 1992. He has served as an Alternate Director(1) of both Parent and Purchaser since 1992 and as a Director of Confia, S.A. since 1991.

JORGE ANTONIO GARCIA GARZA, 32, is General Counsel, Secretary of the Board of Directors and an Alternate Director of Parent. He also has served as Purchaser's General Counsel since 1985 and as its Secretary of the Board of Directors since 1986. He has been Confia, S.A.'s General Counsel since 1992, its Secretary of the Board of Directors since 1993 and one of its Directors since 1991.

RODRIGO PADILLA OLVERA, 46, is a Director of Parent and Purchaser. He has been the Chief Executive Officer of Grupo SAC, S.A. de C.V., a Mexican consulting company, since 1989. He also is the President of Industrias Delmex, S.A. de C.V., a Mexican company that manufactures metal tubing and laminated products.

JUAN MANUEL MOLLER GAMEZ, 40, is a Regional Manager of Parent. He has been the International Manager of Purchaser since 1992 and the International Manager of Confia, S.A. since 1992. He also has served as an Alternate Director of Confia, S.A. since 1993. From 1986 to 1990 he was the International Manager of Multibanco Mercantil de Mexico, S.A. de C.V., a Mexican commercial bank.

MAURICIO MORALES SADA, 32, is Purchaser's Vice President of Sales.

JOSEPH P. SHANAHAN, 46, is the President of Abaco International Corporation, a wholly-owned subsidiary of Purchaser and a registered broker-dealer and member of the National Association of Securities Dealers, Inc. based in New York City. From 1980 to 1990 Mr. Shanahan was the Treasurer/Managing Director of Keane Securities Co., a securities firm, and from 1990 to 1992 he was a consultant to Excalibur Management, Ltd., a securities consulting company.

DAVID S. RUDER, 64, has been a partner in the Chicago office of Baker & McKenzie, an international law firm, since 1990. He also is a professor of law at Northwestern University School of Law, where he was Dean from 1977 to 1985. From 1987 to 1989 Mr. Ruder was Chairman of the Securities and Exchange Commission, and from 1990 to 1993 he was a member of the Board of Governors of the National Association of Securities Dealers, Inc., where he is currently Chairman of the Legal Advisory Board. He has been a Director of Quixote Corporation, a diversified company that develops and manufactures stenographic equipment, optical discs and highway crash

cushions, since 1990.

NEAL A. KLEGERMAN, 38, has been a partner in the Chicago office of Baker & McKenzie since 1986.

JAMES D. VAN DE GRAAFF, 33, is an attorney in the Chicago office of Baker & McKenzie.

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- (1) The function of an Alternate Director is to attend and vote at Director's meetings in place of any Director who is unable to attend.