

Howe Barnes to merge with San Francisco bank: Hoefer & Arnett Inc. is active in Texas and on both coasts

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Howe Barnes Investments, a 91-year-old Chicago-based financial services firm, agreed Friday to merge with San Francisco-based brokerage and investment bank Hoefer & Arnett Inc. The merger will help **Howe Barnes** offer capital-market services to the 5,000 members of the Independent Community Bankers of America -- a job **Howe Barnes** took on last August.

"This is really the first significant acquisition we've made since 1968, when we were incorporated," said **Howe Barnes** President and CEO Daniel Coughlin. "It's a true partnership."

The merger will add West Coast, East Coast and Texas clients to **Howe Barnes**' Midwest and North Carolina coverage.

"They seem to be very complementary organizations, in that they do the same thing but for different members of the ICBA membership," said Jim Reber, president and CEO of ICBA Securities, a subsidiary of the bank group. "It was a very natural merger of two near-equals providing similar products to similar clients with very little overlap. This is something we hoped would happen."

Coughlin said that 50-member Hoefer & Arnett is the "mirror image" of **Howe Barnes** -- providing both community bank services and private client services. Together, the firms will have \$2 billion under management.

The financial terms of the merger weren't disclosed. Coughlin said it was a "merger of balance sheets." The new firm will be based in Chicago and be called **Howe Barnes** Hoefer & Arnett.

Services **Howe Barnes** provides to ICBA banks include market making, research, valuations, educational seminars and merger and acquisition service, as well as underwriting and private placement of equity, debt and preferred offerings. The services are provided to ICBA members through a partnership between **Howe Barnes** and ICBA Securities.

Coughlin will be CEO of the combined firms, while Hoefer & Arnett President and CEO Steven J. Didion will become executive vice president of financial institutions. The new firm will have 140 associates in eight offices, including Portland, Ore.; Austin, Texas; Baltimore; Cohasset, Mass., and Los Angeles.

Coughlin expects the merger to close in late June, provided it receives regulatory approval.

mwisniewski@suntimes.com

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