
LRG Capital Group Forms Partnership with Arque Orion Group

Larkspur, CA (July 25, 2007) -- LRG Capital Group, LLC ("LRG Capital"), a global merchant bank that manages the BayStar Capital Investment Funds, announced today its investment in and its international strategic partnership with the Arque Orion Group, which operates a growing wealth management and securities brokerage, Avalon Shonan Securities Co., Ltd., in Tokyo, Japan.

The partnership will allow the Arque Orion Group to tap and offer LRG Capital's proven investment management talent, unique corporate advisory strengths and institutional connections worldwide to benefit Japanese families of wealth who often control major corporate and family funds. The opportunity should also allow LRG Capital to proactively work with the Arque Orion Group to identify, access and help their investors access attractive Japanese investments.

With more private equity wealth chasing fewer attractive deals in the U.S., LRG Capital has already expanded globally to uncover comparatively more attractive investments for its opportunistically driven BayStar Investment Funds. Today, according to data compiled by Bloomberg, 22 percent of the 1,729 companies in Japan's Topix index trade at less than book value while only 1.4 percent of companies in the Russell 1000 Index of U.S. stocks sell for less than book.

"While Japanese investments might seem attractive from a comparative valuation point of view, western private equity groups are just beginning to feel their way around Japan's uniquely different corporate and investor cultures," stated Lawrence "Larry" Goldfarb, CEO of LRG Capital. "We believe that a partnership with a local securities firm who not only understands Wall Street values and culture but is itself the investment manager of a US private equity group could help provide LRG Capital with the sensitivity and edge we need to compete more effectively in Japan."

"Japanese investors are slowly re-establishing their debut back onto the world stage such as the recent \$900 Million bid for high-end New York department store, Barneys," states Michael Ning, the 48-year old Arque Orion Group leader, a naturalized US citizen born and raised in Japan, and a UCLA graduate. "We believe that a strategic partnership with LRG Capital will give our Japanese investors access to the most competitive US and other western investments as well as competitively priced US-style mergers and acquisitions and other corporate advisory services normally not accessible through even the largest banks and brokerages in Japan. We are also encouraged by LRG Capital's interest and willingness to finance our future Japanese broker/dealer acquisitions."

To date, the BayStar Capital Funds have invested in excess of \$1.5 billion of equity in over 250 companies. LRG Capital also currently represents private and public growth companies in such sectors as technology, life sciences, media and communications. Members of LRG's Corporate Advisory Services team have provided advisory services on over 300 transactions with transaction values that total over \$75 billion.

About LRG Capital Group

LRG Capital Group is a global investment, banking and advisory boutique that focuses on public and private companies in the technology, life sciences, hospitality, real estate, and entertainment sectors. The firm provides capital via private equity, commercial loans, and structured debt financing, and guides and advises clients on mergers and acquisitions, corporate finance advice and other strategic alternatives. Headquartered in San Francisco, with offices in New York, LRG Capital Group excels at relationship-focused guidance and financing.

LRG is also the investment manager the BayStar Capital funds, which makes direct investments in public and private companies using a wide range of structured debt and preferred securities convertible or exchangeable into a company's underlying equity. BayStar's current fund combines successful equity investing expertise with proven structured debt strategies. Additionally, LRG Capital Group invests in and owns various entertainment interests and U.S. and non-U.S. real estate assets, including derivative interests in real estate securities and real estate development projects and properties.

About the Arque Orion Group

The Tokyo and Los Angeles based Arque Orion Group (www.arqueorion.com), is the investment manager for Arque Orion Japan Partners, LLC, which makes direct control investments into Japanese broker/dealers and other Japanese financial service companies as part of an active roll-up/consolidation investment strategy. The group operates a US broker-dealer and a registered investment advisory business, principally to support its Japanese venture.

The Arque Orion Group's acquisition targets in Japan are typically traditional regional stock brokerage companies. Acquired companies are master branded under the "Avalon" name but encouraged to retain unique identities and corporate cultures. The group expects to become a conduit for global investment products into many regions of Japan normally not accessed by Western firms. The Arque Orion Group has also recently formed a strategic partnership with the Aspen Family Business Group, one of the oldest and most successful family business and family office consultants who work exclusively with global families of wealth.

For additional information contact:

Alexis Banducci :: abanducci@lrgcap.com
Marketing Manager
415.834.4664

###