

December 2008

Dear Clients, Friends and Colleagues,

We're pleased to announce our December update for the firm:

**LRG Capital Funds (formerly the BayStar Capital Funds):**

**[LRG Capital Hospitality Group Launches LRG Hospitality Fund to Capitalize on Investment Opportunities in the Hospitality Industry](#)**

**[BayStar III Fund Investment VirtualScopics \(NasdaqCM: VSCP\) Announces Backlog Rises To A Record \\$27M](#)**

**[BayStar III Fund Investment Glasshouse Wins IT Services of the Year Award](#)**

**LRG Capital Group:**

**[LRG Capital Report Provides Commentary on the current financial turmoil. This week's title: "Beware of the Car Czar and Other Communist Terms](#)**

**[Joe Toucan Diabetes Project Welcomes Billie Jean King to Its Advisory Board](#)**

**[LRG Capital Hospitality Group Launches LRG Hospitality Fund to Capitalize on Investment Opportunities in the Hospitality Industry](#)**

The LRG Capital Hospitality Group announces the launch of the LRG Capital Hospitality Fund. The Hospitality Fund was formed to capitalize on opportunities created by the current economic crisis. Amidst a climate of historically scarce capital resources and distressed businesses in the hospitality sector, the LRG Hospitality Fund offers a well capitalized entity and a highly experienced team to take advantage of a broad set of hospitality investment opportunities. The Fund will identify and invest in early stage restaurants, adding value by restructuring existing concepts and providing needed management assistance and capital to foster expansion and franchising. The Fund will focus on multi-unit food and/or restaurant businesses that have an existing growth track record and operators that are interested in value-added partners.

The LRG Capital Hospitality Fund is co-managed by LRG Capital executives and two prominent restaurant professionals. Evan Kraus, Executive Vice President of LRG Capital Group and Lawrence Goldfarb, CEO of LRG Capital Group will partner with Shah Bahreyni, Managing Director of the LRG Capital Hospitality Group, and Aabi Shapoorian, both seasoned restaurateurs who have over 45 collective years of industry experience and have launched numerous restaurants and successfully turned others around.

"We are launching the LRG Capital Hospitality fund in response to the demand from our clients to provide a vehicle for investing in the hospitality industry," said Lawrence Goldfarb founder and CEO of LRG Capital Group and co-manager of the new Fund, "The current economic situation has presented great opportunities in the industry and Shah and Aabi's extensive track record has proven that they can turn undervalued and/or underperforming restaurant concepts into successful businesses."

**[BayStar III Fund Investment VirtualScopics Announces Backlog Rises To A Record \\$27 Million](#)**

VirtualScopics, Inc. (NasdaqCM: VSCP), a leading provider of quantitative imaging for clinical trials, today announced that its backlog currently exceeds \$27 million compared to \$14.7 million at the same time a year ago, a greater than 80% increase. The company calculates backlog as the amount remaining to be recognized from active and awarded contracts. The duration of the studies included within the backlog ranges from 2 months to 6 years and the company anticipates that awarded contracts will be signed within the next several months as the projects near their start dates.

"We continue to be extremely pleased with the growth in our project backlog which has not only showed greater than 80% growth compared to last year at this time, but is also 35% higher than the \$20 million we announced just five months ago," said VirtualScopics' President and Chief Executive Officer, Jeff Markin. "Not only does the strength of our backlog demonstrate our future revenue potential it also shows the continued momentum in the demand for our services within the industry." He further added, "As we near the end of 2008, we remain confident in our ability to achieve our 2008 financial targets announced at the

beginning of this year and are looking forward to a solid close to the year." For more information please visit [www.virtualscopics.com](http://www.virtualscopics.com).

### **BayStar III Fund Investment Glasshouse Technologies' UK Division Wins IT Services of the Year Award**

BayStar III Fund's investment Glasshouse Technologies, a leading independent IT infrastructure consulting and services firm, has been awarded Computing Magazine's 2008 'IT Service Provider of the Year' Award, for its independent IT consulting and services provision. The prestigious Computing Awards for Excellence are designed to recognize the IT industry's best work in using technology to reduce costs, boost efficiency and provide business benefits for its customers. As an independent IT consulting and services firm, GlassHouse has focused its efforts on helping customers reduce costs, decrease risk and improve service and a range of recent acquisitions have also strengthened its ability to deliver.

Matthew Wiltshire, Glasshouse General Manager, says: "We are delighted to have won this award, particularly as it is the most prestigious and well recognized in the industry. The category was hotly contended by the key players in our sector and it's a testament to the quality of work and results our team has produced over the year." For more information please visit [www.glasshouse.com](http://www.glasshouse.com).

### **LRG Capital Report Provides Commentary on**

To visit the LRG Capital Report, please click [here](#) or visit [www.lrgcapitalreport.com](http://www.lrgcapitalreport.com). This week's post is titled: "*Beware of the Car Czar and Other Communist Terms.*"

### **Joe Toucan Diabetes Project Welcomes Billie Jean King to Its Advisory Board**

The Joe Toucan Diabetes Project, a 501(c)(3) organization focused on researching, producing, and developing empowering projects, supplies and accessories for children and young adults living with diabetes, announces that Billie Jean King, sports icon and social activist, will be joining its advisory board.

As one of the 20th century's most respected women, Billie Jean King has long been a champion for social change and equality. King created new inroads for women and men in and out of sports during her legendary career and she continues to make her mark today. King, one of the most illustrious and celebrated tennis players in history, is recognized for spearheading the women's movement in tennis and for her life-long struggle for equality in women's sports. King empowered women and educated men when she defeated Bobby Riggs in one of the greatest moments in sports history -- the Battle of the Sexes in 1973. In 1990, Life magazine named her one of the "100 Most Important Americans of the 20th Century." In 2006, the home of the US Open was renamed the USTA Billie Jean King National Tennis Center in honor of King's contribution to the sport on and off the court.

King, who resides in New York, has been heralded as an ardent defender of equal rights for all. Through her foundation, Billie Jean King World TeamTennis (WTT) Charities, King works to inspire all humankind in the pursuit of excellence regardless of race, gender, physical or mental challenges, appearance, or sexual orientation.

Through her WTT Charities, King funds a scholarship program providing two \$5,000 and two \$2,500 scholarship awards to encourage diabetic teens and young adults to lead full, healthy and active lives. In 2007, Novo Nordisk, a leader in diabetes care, joined WTT to sponsor the scholarships for young tennis players. The Novo Nordisk Donnelly awards were named after two long-time World TeamTennis executives and tennis champions, Diane Donnelly Stone and Tracey Donnelly Maltby, who are sisters and have lived with Diabetes since childhood.

"Billie Jean King exemplifies the courage, determination and commitment one must have to overcome life's great challenges," said Lawrence Goldfarb, Chairman of the Board of the Joe Toucan Diabetes Project. "Unfortunately, Diabetes is a challenge that many children and young adults endure without a choice. The Joe Toucan Diabetes Project will innovatively empower and prepare these children to face the unique circumstances of their everyday life."

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All of our partnerships are driving new investment opportunities and strong strategic and financial co-investors to the firm. Our success is closely associated with your continued support and investments.

For more information, visit [www.lrgcapital.com](http://www.lrgcapital.com) or contact Alexis Banducci at: [abanducci@lrgcap.com](mailto:abanducci@lrgcap.com) or 415.834.4664

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