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# Wellington West bids fond farewell

By: **Martin Cash**

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*Kevin Hooke said he plans to bankroll another operation he hopes to start soon with his longtime assistant, Tyler Wirvin.*

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It's the end of an era.

Wellington West Capital's final corporate finance transaction was completed last week. That means Kevin Hooke's boutique shop that played such a vital role in the capital markets of Manitoba for close to two decades will close.

Since it started doing deals in the last half of the '90s, Hooke and his team helped raise about \$1.3 billion for about 60 Manitoba firms.

It also was the lead underwriter in another \$1.5 billion in bond offerings for the province's Manitoba Hydro and Builder Bonds series.

With the purchase of Wellington West Capital by National Bank Financial last year, Hooke knew his boutique operation would be shut down to make way for the centralized capital-markets structure of the bank.

So he has no hard feelings. As one of the original employees and shareholders back in 1993, he walks away financially set for life.

In fact, he'll be able to bankroll his own operation he hopes to get up and running soon with longtime assistant Tyler Wirvin.

"Our goal was to create a corporate finance presence in Winnipeg that really hadn't existed before," Hooke said. "We forged a presence here and capitalized on our made-in-Manitoba solution. Looking back on the last 18 years, I'm pleased with what we achieved in that time frame."

Wellington West effectively invented mini public bond offerings of less than \$2 million.

It pioneered a structure of turning capital pool companies into real estate investment trusts (REITs) and helped launch six of them in Manitoba. Arni Thorsteinson was responsible for three of them that now hold close to \$2 billion in assets.

At times, it seemed Hooke's shop single-handedly created a capital-markets industry in Winnipeg.

There's now substantial legal expertise -- not to mention some lucrative practices -- in securities law that didn't exist in this town before.

Wellington West was responsible for some of the original financings for three of the city's core group of growing corporate head offices -- Exchange Income Corp., The Boyd Group Income Fund and Arctic Glacier Income Fund.

There's no saying how those businesses would have grown otherwise, but there's a good chance -- notwithstanding Arctic's current challenges -- they wouldn't have happened the way they did.

"This is a huge loss for the city of Winnipeg," said Mike Pyle, CEO of Exchange Income Corp. "Deals got done that wouldn't have otherwise, because they were here. Exchange wouldn't have got our first deal done if they didn't have an office here."

Brock Bulbuck, CEO of Boyd, said, "It was always easy to call Kevin and have a meeting and ask him what he thought of an idea. You knew you had his ear. He wanted to do deals."

Capital-markets dynamics change over time like every other business.

There are far fewer initial public offerings these days than there were 10 years ago. The demand for the services of a local corporate finance operation is different than it was even five years ago.

We all know what happened to the venture-capital scene in Manitoba and it's just about as grim everywhere else in the country as well.

All of the professional-services firms in town have active mergers and acquisitions practices. Steven

Stang at Lazer Grant said there is much more private-equity cash available for deals.

But private equity struggles with small deals just like the public-equity markets do.

Many local business owners say it's hard to get the Toronto firms to listen to pitches on smaller deals from Winnipeg.

And the irony is, the larger the deal the easier it is to get the financing.

"It's not so hard for us to raise \$50 million now," Pyle said. "But our first deal was for \$8 million. The second was for \$4 million. Those are hard to do."

Like every other business, there are jealousies and competitive sniping. Every deal Wellington West financed did not work out -- although I still think Sidetrack Technologies had a fantastic, innovative technology.

But even so, in the last five years his office did 27 financings worth \$433 million. Wellington West's clients who bought those deals made 19.78 per cent compounded annually over five years.

There are other firms that have come and gone who dabbled in the kind of local business Wellington West did.

CIBC World Markets is the only big bank capital markets operation with a Winnipeg office.

To preserve his legacy of helping to enliven the Manitoba capital market, Hooke may have to stay at it himself because there are still not a lot of options in town.

**[martin.cash@freepress.mb.ca](mailto:martin.cash@freepress.mb.ca)**

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