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## CATALYST EQUITY RESEARCH REPORT™

Weekly Research Highlighting Activist Investments

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**HIGHLIGHTING ACTIVIST INVESTMENTS***Week Ending June 5, 2009*

SYMBOL	COMPANY	INVESTOR
<b>ADF</b>	ACM Managed Dollar Income Fund	Bulldog Investors
<b>ATGN</b>	AltiGen Communications Inc.	Wanger Investment Management
<b>BASI</b>	Bioanalytical Systems	Peter Kissinger
<b>CAMD</b>	California Micro Devices	Gamco Investors
<b>CFW</b>	Cano Petroleum	Carlson Capital
<b>CWLZ</b>	Cowlitz Bancorp	Crescent Capital
<b>IPAS</b>	iPass, Inc.	Foxhill Capital
<b>NUF</b>	Nuveen Florida Quality Fund	Western Investment
<b>PLCE</b>	The Children's Place Retail Stores	Ezra Dabah
<b>PTSG.OB</b>	Petrosearch Energy Corp	Tiberius Capital

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***The Role of the Board in Turbulent Times...Avoiding Shareholder Activism***

Authored by Damien Park & Matteo Tonello

<http://ssrn.com/abstract=1390340>

**ACM Managed Dollar Income Fund (ADF)****Activist Investor:** *Bulldog Investors***Investor Info**

Shares	1,097,679
% Outstanding	5.93%
Cost Basis	Not Avail

**Company Info**

Share Price	6.44
Revenue	13M
Market Cap	119M
Enterprise Value	125M
Net Cash	-6M
EBITDA	N/A
52 wk. range	3.30 – 7.49
EV/EBITDA	N/A

**Catalyst Info****Catalyst:**

On June 2, 2009 Bulldog announced they will no longer solicit proxies for board representation at ADF since the Company has agreed to increase the size of their tender offer from 5% to 18% of the Fund's shares outstanding. As of June 5, ADF - a closed-end fund, was trading at a 4.9% discount to its Net Asset Value.

**Comment:**

*We previously covered ADF in our May 1, 2009 Catalyst Research Report, highlighting Bulldog's letter to the Board earlier this year (Feb 6, 2009) urging them to consider increasing the size of their annual tender offer to at least 20% of the outstanding shares. (In previous years ADF has offered to repurchase 5% of the company's shares outstanding at a price equal to the net asset value per share.) In addition, Bulldog suggested that if this year's tender offer draws a much larger response from shareholders interested in tendering their shares, the board should consider taking further steps to address the discount including additional tender offers and opening or liquidating the Fund.*

**AltiGen Communications (ATGN)****Activist Investor:** *Wanger Investment Management***Investor Info**

Shares	1,771,637
% Outstanding	11.2%
Cost Basis	Not Avail

**Company Info**

Share Price	0.68
Revenue	18M
Market Cap	11M
Enterprise Value	3M
Net Cash	8M
EBITDA	-5M
52 wk. range	0.50 – 1.38
EV/EBITDA	Negative

**Catalyst Info****Catalyst:**

On June 3 Wanger sent a letter to the board of ATGN and simultaneously issued a press release reiterating their intention to vote against two proposals put forth by the Board to be voted on at the special meeting of shareholders scheduled for June 18, 2009. Also in the letter, Wanger repeated their demand for the Chairman to step down.

**Comment:**

*We previously covered ATGN in our May 15 Catalyst Research Report, highlighting Wanger's letter to ATGN attacking leadership entrenchment, the adoption of a poison pill, lack of board independence and loss of shareholder value. In addition, we highlighted that Wanger urged other shareholders to reject two compensation proposals put forth by the board to be voted on at the Special Meeting on May 26 (rescheduled to June 18). In addition, Wanger requested the Chairman resign from his position immediately.*

**Bioanalytical Systems Inc. (BASI)****Activist Investor:** *Peter Kissinger***Investor Info**

Shares	1,275,967
% Outstanding	26.0%
Cost Basis	Not Avail

**Company Info**

Share Price	1.08
Revenue	36M
Market Cap	5M
Enterprise Value	18M
Net Cash	-12M
EBITDA	-0.5M
52 wk. range	0.60 – 5.96
EV/EBITDA	Negative

**Catalyst Info****Catalyst:**

On June 5 Peter Kissinger sent a letter to the Board of BASI demanding the Company immediately remove three board members and replace them with his nominees. In addition, Kissinger announced his support for Thomas Harenburg's (a 5.63% shareholder who has also nominated one director) nominee to replace an additional board member.

**Comment:**

*We previously covered BASI in our May 15, April 10 and April 3 Catalyst Research Reports, highlighting Thomas Harenburg's letter requesting an individual recommended by him immediately replace one of the company's five directors at the next regularly scheduled board meeting.*

*On April 6 Peter Kissinger sent a letter to the board expressing his concerns regarding the operations, financial condition and management of the company since his departure in 2007. In the letter Kissinger requested the board promptly agree to replace three directors with directors of his choosing.*

**California Micro Devices Corp. (CAMD)****Activist Investor:** GAMCO Investors**Investor Info**

Shares	2,184,950
% Outstanding	9.28%
Cost Basis	Not Avail

**Company Info**

Share Price	2.58
Revenue	50M
Market Cap	59M
Enterprise Value	13M
Net Cash	46M
EBITDA	-8M
52 wk. range	1.42 – 3.64
EV/EBITDA	Negative

**Catalyst Info****Catalyst:**

On June 1 Gamco formally requested that CAMD redeem their poison pill or submit the issue to a shareholder vote as soon as practicable.

**Comment:**

We previously covered CAMD in our March 6, January 2 and February 6 Catalyst Research Reports, highlighting Dialectic Capital Management's (8.6% shareholder at an average cost of \$3.24/share) announcement that they have hired B. Riley (an investment bank) to help them explore alternatives for their investment in CAMD. In addition, Dialectic previously sent a letter to CAMD on December 31 2008 expressing their belief that the current strategy employed by the Company is deeply flawed and suggested that they take the following immediate actions: (i) to return \$33 million or \$1.42 a share in a dividend to all shareholders, (ii) to immediately engage an investment bank and begin a sale process to a larger acquirer with a more diverse product line, and (iii) restructure management's economic incentives to be more aligned with the interests of all shareholders. On March 4 Dialectic Capital nominated four people for election to CAMD's board at the next annual meeting.

**Cano Petroleum, Inc. (CFW)****Activist Investor:** Carlson Capital**Investor Info**

Shares	5,605,818
% Outstanding	12.3%
Cost Basis	3.33

**Company Info**

Share Price	1.50
Revenue	41M
Market Cap	68M
Enterprise Value	112M
Net Cash	-43M
EBITDA	-1M
52 wk. range	0.22 – 9.40
EV/EBITDA	Negative

**Catalyst Info****Catalyst:**

On May 26 a representative from Carlson Capital was appointed to the board of CFW.

**Comment:**

We previously covered CFW in our October 31 and October 10 2008 Catalyst Research Report, highlighting Carlson Capital's change in their filing status with the SEC from "passive" investor to "active" investor and announced their concern with CFW's lagging share price. In addition, Carlson announced their intention to discuss certain strategies with the Company that they believe would maximize value for all shareholders.

On October 17 Carlson Capital met CFW's CEO to discuss certain value maximizing strategies that they believe would benefit all shareholders. Carlson announced that they expect to speak with representatives of the Company in the near future and will continue to have discussions regarding value maximizing strategies and other issues, including the composition of the board.

**Cowlitz Bancorp (CWLZ)****Activist Investor:** Crescent Capital**Investor Info**

Shares	1,508,360
% Outstanding	29.45%
Cost Basis	Not Avail

**Company Info**

Share Price	3.08
Revenue	2M
Market Cap	16M
Enterprise Value	-46M
Net Cash	62M
EBITDA	N/A
52 wk. range	1.95 – 9.89
EV/EBITDA	N/A

**Catalyst Info****Catalyst:**

On May 26 Crescent Capital entered into a non-disclosure agreement with CWLZ for the purpose of examining a further investment in the Company.

**Comment:**

We previously covered CWLZ in our April 10, January 30 2009; November 28 and May 9 2008; and October 12 and August 3 2007 Catalyst Research Reports, highlighting Crescent Capital's purchase offer for \$15/share. The board rejected the offer, stating that the Company is worth more than \$15/share in the long term.

On October 12 2007 Financial Edge Fund demanded they provide Crescent with the information that supports the Company's assertion that Cowlitz is worth more than \$15. On April 9 2009 Crescent indicated their interest in avoiding a proxy contest and recommended CWLZ consider a settlement agreement which would immediately appoint two individuals from Crescent to the board and simultaneously to constitute a majority of the Governance Committee. Following this appointment, the Governance Committee will nominate four Crescent nominees and three existing directors to a seven person slate for election at the June annual meeting. If CWLZ rejects the offer Crescent stated they will run a proxy contest to elect its nominees.

**iPass, Inc. (IPAS)****Activist Investor:** Foxhill Capital**Investor Info**

Shares	4,116,862
% Outstanding	6.8%
Cost Basis	2.76

**Company Info**

Share Price	1.58
Revenue	188M
Market Cap	99M
Enterprise Value	31M
Net Cash	68M
EBITDA	3M
52 wk. range	0.89 – 2.52
EV/EBITDA	10.2

**Catalyst Info****Catalyst:**

On June 2 IPAS entered into a settlement agreement with Foxhill Capital. Under the terms of the agreement IPAS will (i) declare a \$20M dividend, (ii) use reasonable efforts to return an additional \$20M to shareholders by the end of 2009, (iii) declassify the board, and (iv) appoint one of Foxhill's nominees to the board immediately.

**Comment:**

We previously covered IPAS in numerous Catalyst Research Reports (most recently on May 1), highlighting Foxhill Capital's letter to the board listing a number of demands, including: (i) the board engage an outside consultant to review the current business plan, (ii) develop stated goals for management and if these goals are not met, remove management, (iii) change management's compensation, (iv) initiate a sale of the Company. Before this, we covered Shamrock Capital's (9.8%) request for board representation last year. Shamrock was granted one seat in March 2008 but that individual has since resigned.

On February 27 Foxhill nominated three people for election to the board. On April 17 we highlighted that activist investor Ramius Capital has accumulated 2,032,801 shares of IPAS (equivalent to approximately 3.4% of IPAS shares outstanding) since February. Ramius currently owns 5.1%.

**Nuveen Florida Quality Income Municipal Fin (NUF)****Activist Investor:** Western Investment**Investor Info**

Shares	819,211
% Outstanding	5.8%
Cost Basis	11.60

**Company Info**

Share Price	12.03
Revenue	16M
Market Cap	171M
Enterprise Value	171M
Net Cash	0.5M
EBITDA	N/A
52 wk. range	7.50 – 12.90
EV/EBITDA	N/A

**Catalyst Info****Catalyst:**

On June 2 Western Investment issued a press release expressing their concerns over NUF's (a closed-end Fund) adjournment of their annual meeting to June 17. According to Western, the Company adjourned the meeting to give more time to solicit the votes needed to prevent a reorganization. In the press release Western called on the board to provide shareholders the ability to exit their investment at net asset value. As of June 5 NUF was trading at a 12.5% discount to NAV.

**Comment:**

We previously covered NUF in our April 3 Catalyst Research Report, highlighting Western's opposition to a merger between NUF and Nuveen Premium Income Municipal Fund 2 Inc. (Ticker: NPM) unless they are given the opportunity to redeem their shares, or otherwise exit the investment, at net asset value (NAV) or a price very close to NAV. Western believes they should be offered this option given that the original business purpose of NUF is no longer an appropriate investment objective.

**The Children's Place Retail Stores, Inc. (PLCE)****Activist Investor:** Ezra Dabah**Investor Info**

Shares	6,442,557
% Outstanding	21.8%
Cost Basis	Not Avail

**Company Info**

Share Price	30.66
Revenue	1.6B
Market Cap	904M
Enterprise Value	717M
Net Cash	186M
EBITDA	194M
52 wk. range	16.45 – 43.40
EV/EBITDA	3.7

**Catalyst Info****Catalyst:**

On June 1 Ezra Dabah formed the "Committee of Concerned Shareholders of The Children's Place" and revised his proxy materials to reflect 21.8% of the Company's shares are associated with this Committee.

**Comment:**

We previously covered PLCE in our May 8, April 24, 2009; May 16 and February 29 2008; and October 19 and August 31 2007 Catalyst Research Reports, highlighting Dabah's resignation as CEO on September 24 2007 and subsequent announcement that he had hired Bear Stearns to act as a financial advisor in connection with making an offer to acquire the Company.

On February 7 2008 Dabah announced his willingness to offer \$24 per share for the Company. On May 9 2008 PLCE announced the appointment of three individuals to the board, including Ezra Dabah. The Company also announced the exploration of strategic alternatives. On February 5 2009 PLCE announced that its board had determined not to sell the company. On May 5 Dabah formally announced his intention to nominate three directors for election to the board at the next annual meeting.

**Petrosearch Energy Corp. (PTSG.OB)****Activist Investor:** *Tiberius Capital***Investor Info**

Shares	4,591,214
% Outstanding	11.11%
Cost Basis	0.17

**Company Info**

Share Price	0.22
Revenue	1M
Market Cap	9M
Enterprise Value	-2M
Net Cash	11M
EBITDA	-3M
52 wk. range	0.22 – 1.25
EV/EBITDA	0.6

**Catalyst Info****Catalyst:**

On May 29 Tiberius Capital sent a letter to the Chairman & CEO of PRSG demanding they publicly explain the valuation process used in computing the proposed merger with Double Eagle Petroleum. The company expects the special meeting to vote on the merger will be in July.

**Comment:**

*We previously covered PTSG in our May 22 Catalyst Research Report, highlighting the fact that the Company's CEO became the CEO of Double Eagle (Ticker: DBLE). In March, PTSG and DBLE announced a merger agreement. As a result of the impending merger PTSG announced the employment agreement for their CEO (also the CEO of the acquiring company DBLE) will expire. Tiberius takes issue with the fact that, according to PTSG's recent 10Q filing, PTSG's CEO is now entitled to a severance package.*

*On May 20 Tiberius Capital sent a letter to PTSG's CEO and its Chairman demanding they (and two other executives) disgorge severance payments equaling \$1,900,500.*

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