



Western Recognizes the Contribution of G. Scott Paterson

This year's recipient of the Purple & White Award is G. Scott Paterson. Mr. Paterson earned his Bachelor of Arts (Economics) in 1985, in addition to completing the Executive Education courses at the Richard Ivey School of Business in 1995.

At 36, Mr. G. Scott Paterson is one of the youngest CEOs in Canada. As Chairman and CEO of Yorkton Securities Inc., he has been recognized for his leadership abilities and clear vision. Such qualities have enabled him to establish Yorkton Securities as the pre-eminent high-tech and biotech underwriter in the country.

Scott Paterson, a third-generation Western alumnus, has been a supporter of The University of Western Ontario through the establishment of two funds supporting student financial aid: The G. Scott Paterson Bursary in the Faculty of Social Science and the George Gordon Paterson Award, named for his grandfather, a former athletic alumnus.

Scott serves the community as a Trustee for the Art Gallery of Ontario, as a member of the Board of Governors of Ridley College and as an Ambassador of the Toronto District School Board. He also serves as Chairman of The Merry-Go-Round Children's Foundation that he founded in 1996. Mr. Paterson was a member of the Council of Friends in the 1999 Traders Challenge.

Mr. Paterson serves on the Board of Directors of Leitch Technology Corporation and Lions Gate Entertainment. He also serves his industry as a Director of the Investment Dealers Association of Canada and as Vice Chairman of the Canadian Venture Exchange.

Recent accolades include a place on the 1998 'Top 40 under 40' list as well as on *Time* magazine's list of 21st century leaders. Mr. Paterson was also included in Peter Newman's recent book about Canadian business leaders entitled Titans: How the New Canadian Establishment Seized Power. In this book, Mr. Paterson is described as "a role model for the twenty-first-century money movers who are taking command of Bay Street, and therefore Canada."

Scott and his wife Barbara Stoneham have three daughters, Emily, Adeline and Catherine.

The Purple & White Award is presented each year to a graduate of The University of Western Ontario whose steadfast commitment to his or her Alma Mater and contributions to the Toronto community bring distinction and honor to the University. The three previous award recipients are:

Don Wright - Western recognized the contributions of Don Wright, Bachelor of Arts'33 (Classics) as the recipient of the 1997 Purple & White Award.

SPECIAL REPORT: CANADA 2005

TIME

LEADERS FOR THE
21ST
CENTURY

An illustration in a bold, graphic style showing several young people from diverse backgrounds. They are depicted from the chest up, looking upwards and to the right with determined expressions. Their right arms are raised, with their fists clenched. The background is a deep red with white, angular shapes that resemble stylized flags or abstract patterns. The overall mood is one of hope and activism.

Meet the young
political activists,
entrepreneurs,
innovators,
environmentalists
and artists who
will shape
Canada's future

Scott Paterson, 34

A Bay Streeter who gambles big on high technology

SCOTT PATERSON, THE BOYISH CEO of Yorkton Securities, likes to watch things grow, starting with his own company. In four years, he has taken the Toronto brokerage house from Bay Street laggard to the pre-eminent high-tech and biotech underwriter in the country. Monthly earnings in those sectors jumped from \$200,000 to \$4 million. While bigger firms ignored any offering worth less than \$30 million, Yorkton established itself as the leader for new technology and Internet offerings. Ramy Elitzur, professor of finance at the University of Toronto's Rotman School of Management, says Paterson "had a very clear vision. He moved in when the area was not being exploited."

Paterson says that picking high tech as a field to cultivate was a "no brainer"; the challenge was to follow through. Apparently Paterson can. Larry Stevenson, CEO of the Chapters book chain, chose Yorkton to co-lead the initial public offering for its online book-selling company because Paterson

2005

"gets behind the issues and he stays with them." From that position, Paterson has helped such start-up companies as the software firm Open Text and the digital-broadcast developer Leitch Technology turn into flourishing, highly regarded firms.

Paterson rose on Bay Street on the basis of his aggressive sales pitches (he once earned the tag "cold-call cowboy") and skipped from company to company before joining Midland Walwyn Capital in 1990, where he first focused on technology. Five years later, he moved to Yorkton. As he beefed up the firm's business, he rose to the top. Now Paterson says he wants Yorkton to consolidate by building strength in natural-resource industries and by reaching "even lower down" for high-tech winners. Says he: "We will touch every entrepreneur, whether he is in a garage, in a university, or heard on a radio show." He insists Yorkton is still a shrimp, with 80% of its growing left to do. ■



WOLF KUTNABORSKY—KLIX FOR TIME

Selling Canada to the World

Scott Paterson happens to be sitting down, but that is only his literal condition. The distinct impression he conveys is of a man in full flight, and not just because he has been tagged (at age 35) as a Bay Street ballistic missile by Peter C. Newman. No, the impression of meteoric trajectory probably derives from what Paterson is saying about Yorkton Securities, the tenacious investment boutique of which he is CEO. Yorkton has steered into an emphasis on high-tech and biotech—two industries that are absolutely rocketing right now.

"There are ten technology companies being created every day in this country. We want to touch all of those early stage entrepreneurs from the grassroots up. Our whole business plan is that we're micro-cap to mid-cap."

Paterson's view is that the future of all economies will be determined by how they embrace technology and biotech. And given that the future belongs to the entrepreneurs, Yorkton has positioned itself advantageously. The cost structures of the big dealers make it hard for them to justify doing small transactions in the five or ten million dollar range. As a result:

"We will increasingly be associated with having the greatest amount of expertise in the technology world, particularly on the Internet side," says Paterson. "We think of it this way: if we can find the best companies, and if we can make investors a lot of money, and if we create a lot of jobs in the Internet sector, which is the bleeding edge, then by definition we should be able to do that in other knowledge-based industries."

Paterson has just touched down on the biotech runway. But keep your seat belts fastened.

"Biotech, in my view, is simply the most sophisticated element of technology in the world today," he says. "And I happen to think that biotech very, very soon—I mean within the next five years—will have a greater impact on markets and on humankind than computers and the Internet combined. Biotech is going to make e-commerce look like child's play. The valuations coming in biotech, particularly in gene therapy—are priceless. We're talking about something a lot more important to the human race than the movement from digital to wide band, or from regular television to high definition. That is what is so exciting about the field, and Canada has a great place at the table. We're behind the U.S., but ahead of Europe."

As Paterson points out, five years ago there was no such thing as a biotech company with a billion dollar market cap.

"Today there are five," he says, "and three years from now there'll be another five. We think we're playing a leading role on behalf of all Canadians. In trying to emulate what the most aggressive U.S. invest-



Scott Paterson

ment dealers did, which was to be at the lower end of the risk threshold, backing entrepreneurs, and competing with U.S. operations from a capital supply perspective."

Yorkton Securities originally grew out of Vancouver and Calgary, where it established a core competence in retail brokerage, while also making its name on the finance side by raising money for resource companies looking to drill holes. The firm's reach and paradigm have both changed considerably since Scott Paterson arrived in 1995. Now clawing its way into prominence in Toronto and Montreal, the firm's goal is to effect the best deal flow of any dealer in the country in technology and biotech. Paterson piloted the reinvention at Yorkton after proving his mettle at RBC, Richardson Greenshields, and Merrill Lynch. The root to growth for Yorkton, he's firmly convinced, is by bringing high-tech companies to market.

"We're now in the position where we don't just have a ten or fifteen percent slice of a transaction," he says. "We're increasingly being seen as a major player, and that has allowed us to move from third or fourth in a syndicate to the lead in a syndicate. The confidence level has been established. The other factor that distinguishes us is the scope of the transaction that we can do. We not only execute the IPO, but we get involved in earlier stages, and we can do a mezzanine round of financing."

Events in Quebec have made him positively bullish about the province.

"What is happening at the grassroots level in Quebec, particularly as it relates to technology and biotechnology," he says, "is that a real critical mass is starting to build. The decision that Quebec made to use the tax laws to enhance the R&D environment is an example that has created success stories."

Paterson has no problem with people referring to Yorkton as a boutique. "It only means that we own our own business and that we'll go the extra mile," he says. "We're not small, we'll do over \$150 million in revenue this year. We view our culture as being able to deal with entrepreneurs and being very integrated. To genuinely add value you must have investment banking, research, sales, trading, and M&A all work together on behalf of the issuer. Our ability to integrate all of those capabilities gives us competitive advantage at the execution stage."

At the right juncture, Yorkton will look for a minority partner in the U.S., a firm with technology expertise in research and M&A, as well as distribution channels. In the meantime:

"Our mandate is to speak to every institution anywhere on the globe that cares about the verticals we're focused on," says Paterson. "We're selling Canada to the world." □

—Michael Carin

