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BUSINESS PEOPLE; Ex-Boesky Officer Starts Up a Firm

Stephen J. Conway, former president and chief operating officer of the Ivan F. Boesky Corporation, announced yesterday that he was stepping out on his own in the competitive world of investment banking.

Mr. Conway, has formed S. J. Conway & Company and has brought in two men he met in Harvard Business School, Stephen J. Swain, and Nigel Denscombe (through an alliance with his own financial services company, Denscombe & Co., Inc.), as managing directors. William S. P. Cotter, an associate director, rounds out the team.

Mr. Boesky, the New York financier, who headed the corporation that bore his name, is known for his risk arbitrage, and Mr. Conway is schooled in that discipline.

Opening his own firm, however, represents another kind of risk - "check back in six months to see how it worked out," Mr. Conway said - but he thinks he sees an unexplored niche in the investment banking business.

Risk arbitrage will play some part in his plans but he says he will stress financial advice, capital formation and acquisitions and divestitures, seeking to attract clients from the legions of smaller companies - those with sales of $100 million to $150 million.

"It seems to us that not a lot of people are paying attention to that marketplace," Mr. Conway said yesterday. "It's not practical for a lot of the big banks."

Mr. Conway left Mr. Boesky after he reorganized his company, dissolving the corporation to form a limited partnership in a move to raise a big war chest for merger deals.

Mr. Conway spent five years with the Boesky Company and before that was with Drexel Burnham Lambert Inc., Dillon, Read & Company and Citibank.

Starting his own firm "is something that I've always wanted to do," Mr. Conway said. "I said to Ivan that it was a question of when, not if, and this seemed like the right time."

Although he sees a big market for investment banking services for smaller companies, there are firms concentrating in that area and competition is bound to be stiff. Mr. Conway plans to charge fees contingent on the success of deals made for his clients and hopes to have a competitive edge over some big bankers, who might charge up to $750,000.

Conway & Company also plans to invest in the companies it represents and "have an economic interest in their well-being," he said.

In addition, the company will act as investment manager, through a wholly owned Bermuda subsidiary, for a private investment company, Transocean Capital (Bermuda) Ltd. Transocean's funds are earmarked for special situations and, to some extent, merger arbitrage.