

Glimmers of hope in recent transactions

BY JAMES P. MARRA

Perhaps the impending and massive federal economic stimulus package will revive the moribund local M&A market. Time will tell. In the meantime, local deal-making activity barely registered a pulse in March, as only six transactions involving local buyers or sellers closed.

Private equity firms accounted for half of local activity in the month just ended, and there are glimmers of hope in these transactions. Evolution Capital Partners LLC, a Pepper Pike-based PEG, completed its fourth acquisition in March when it acquired Accurate Title Group, a Charlotte, N.C.-based full-service title agency providing title insurance and settlement services to the residential mortgage industry. The Pulse applauds the act of purchasing assets in industry verticals where buyers are scurrying for the baseboards.

The Riverside Co., the Energizer Bunny of the PEG world, completed a strategic acquisition of its KK Shinsouki parking lot services platform in Japan when it purchased KK MAOS, a Tokyo-based parking lot operator with some 480 lots and 5,000

spaces in metro Tokyo. This was the fourth completed purchase transaction for Riverside this year. Stouheart Corp., a Chagrin Falls-based PEG, purchased Scott Brass (more on this in the sidebar to the right).

On the strategic side, New York-based RVM, a provider of litigation support services, purchased G-9 Technologies, a Cleveland-based provider of computer-related forensic services. Willoughby-based U.S. Molding Machinery Company, a manufacturer of rubber injection molding presses, purchased U.S. Mold Machine Tool Co., located in Painesville. Finally, Canton-based DiaMed USA LLC, a growth-oriented distributor of medical products and supplies, continued to execute on an aggressive plan for growth when it purchased Caldwell-Bloor, a Mansfield-based and family-owned competitor that had been in business continuously for more than 120 years.

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DEAL OF THE MONTH

Stouheart Corp. purchased the Cranston, R.I.-located assets of Scott Brass through the bankruptcy courts for \$3.5 million. Scott, a 53-year-old manufacturer of copper and brass strips for electrical, automotive and other uses, was purchased in February 2007 from its family ownership by Sun Capital Partners, a Boca Raton-based PEG specializing in turnaround investments. Wild fluctuations in the market price for copper helped ruin Sun's investment, and Scott Brass filed for Chapter 11 protection in November 2008.

Enter Stouheart and its principal, Richard Burkhart, who has a long history investing in troubled assets. The transaction, which involved Stouheart's purchase of Scott's real estate, inventory and equipment, was completed in March, and if history is any guide, Burkhart will foster significant changes in the way the company operates post-bankruptcy. Stouheart has rehired eight former workers at the plant, and its business plan envisions the company employing 50 folks at Scott by the end of 2009. Welcome news for the state of Rhode Island, which has suffered hard from the recession, and The Pulse wishes Burkhart the best of luck in this project. We suspect that transactions like these will dominate the local M&A scene for some time, and brick by brick, they will play a significant role in rebuilding this economy.

SELECTED MERGERS & ACQUISITIONS

Local companies in bold

Deal data provided by Brown Gibbons Lang and Capital IQ.

Closed	Target	Buyer	Seller
March 31	KK MAOS	The Riverside Co. (KK Shinsouki)	—
March 18	Caldwell-Bloor	DiaMed USA	—
March 13	Scott Brass Inc.	Stouheart Corp.	Sun Capital Partners Inc.
March 10	G-9 Technologies Inc.	RVM Inc.	—
March 9	U.S. Mold Machine Tool Co.	US Molding Machinery Company Inc.	—
March 5	Accurate Title Group LLC	Evolution Capital Partners LLC	—

Announced	Target	Buyer	Seller
March 3	Mercy Medical Center (Canton) and St. Vincent Charity Hospital	Sisters of Charity of St. Augustine Health Systems	University Hospitals Health System Inc.



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