

Recent deals hint at better days ahead

BY JAMES P. MARRA

Do we sense the whiff of a recovery in the air? Consider these facts: In April, all of these leading economic indicators signaled improvement relative to March: all major U.S. stock market indices (up), business inventories (down), unsold homes (down), home prices (up), jobs lost (fewer than March), and the University of Michigan consumer confidence index (up). Perhaps most telling of all, the price of copper was up. (Copper is so well regarded as a leading indicator that it is known to economists as "Dr. Copper.")

And so it went for the Northeast Ohio deal market in April: 12 transactions involving local buyers and sellers achieved fruition, with the action spread nicely among both strategic and private equity buyers, and across a wide range of sectors. On the PEG side, Edgewater Capital continued to express its focus on specialty chemicals when it purchased Gabriel Performance Products, an Ashtabula-based manufacturer of proprietary and custom-formulated specialty chemical products. Edgewater has made six acquisitions in this sector throughout its 10-year history, including another platform business, Syrgis Performance Products. In another deal, Riverside added to its DuBois Chemicals carwash product platform when it acquired Blendco Systems of Bristol, Pa., a manufacturer of detergents, waxes and specialty cleaning products.

While not a PEG, Medina-based RPM behaves in some respects like one. It added another business to its universe of specialty coating and sealant hold-

ings when its Tremco subsidiary acquired Canam Building Envelope Specialists, a provider of consulting and contracting services that focus on reducing energy costs through better air sealing and air barriers of building exteriors.

On the purely strategic side, Solon-based Hunter Defense Technologies, which designs and develops solutions for the military and homeland security markets, purchased Vertigo, a California-based provider of engineering solutions, including the AirBeam — a technology that utilizes a fiber-reinforced elastomeric composite capable of containing high gas pressure and resisting bending. Structures made using this proprietary technology include command centers, aviation hangars, field medical facilities and other military-related structures.

Finally, Williams Capital Group L.P., a Cleveland-based minority-owned boutique investment banking firm providing debt and equity underwriting and corporate finance advisory services, purchased the institutional assets of Nutmeg Securities LLC, a Connecticut-based broker-dealer. Unusually appealing synergy here, in that Nutmeg is certified as a women-owned business by the Women's Business Enterprise National Council, and the combination should provide interesting inroads into many corporate clients.

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ACG Cleveland

SELECTED MERGERS & ACQUISITIONS

Local companies in bold

Deal data provided by Brown Gibbons Lang and Capital IQ.

Closed	Target	Buyer	Seller	Value (mil.)
April 28	WhyPark LLC	Parked.com Ltd.	—	—
April 27	Property at 3160-3190 Medina Rd.	—	Cedar Shopping Centers Inc.	\$1.30
April 21	Mystic Tan Inc.	MT Industries Inc.	—	—
April 17	American Greetings Corp., Retail Store	Schurman Fine Papers Inc.	American Greetings Corp.	\$6
April 17	Schurman Fine Papers Inc.	American Greetings Corp.	—	\$2
April 17	Schurman Fine Papers Inc., Wholesale Division and Papyrus Trademark	American Greetings Corp.	Schurman Fine Papers Inc.	\$18
April 16	The Shops at Grand Avenue	—	Forest City Enterprises Inc.	\$67
April 14	Nutmeg Securities Ltd	Williams Capital Corp.	—	—
April 8	Gabriel Performance Products Inc.	Edgewater Capital Partners	—	—
April 2	Blendco Systems LLC	The Riverside Co.	—	—
April 1	Canam Building Envelope Specialists Inc.	Weatherproofing Technologies Inc. (subs. of Tremco Inc., an RPM company)	—	—
April 1	Vertigo Inc.	Hunter Defense Technologies Inc.	—	—

Announced	Target	Buyer	Seller	Value (mil.)
April 29	I-Many Inc.	LLR Partners Inc.	Clarion Capital Corp. and five other private equity owners	\$40.76
April 7	Sterling Trust Co., Self-Directed IRA and Qualified Plan Businesses	Equity Trust Co.	Sterling Trust Co.	\$61.20
April 6	National City Bank, \$4.2 billion of Deposits and 57 Western Pennsylvania Bank Branches	First Niagara Bank	PNC Financial Services Group Inc. Services Group Inc.	—
April 6	National City Bank, Certain Assets of Branch Office in Pennsylvania	The Farmers National Bank of Emlenton, subs. of Emclair Financial Corp.	PNC Financial Services Group Inc.	—

DEAL OF THE MONTH

In one of the more unusual transactions we've described on these pages, American Greetings Corp. (NYSE: AM) and privately held Schurman Fine Papers, a distributor and retailer of greeting cards and other gift products, struck three separate and simultaneous transactions. First, in an \$18 million deal, AG purchased the wholesale division of Schurman, which supplies the Papyrus brand of greeting cards to more than 170 independent stores nationwide, including Target, Heinen's and Akron's West Point Market.

At the same time, Schurman purchased, for \$6 million, American Greetings' retail card business, consisting of 355 stores. This unit had recently been restructured, with AG closing 60 stores as part of a larger corporate restructuring that resulted in the loss of 475 jobs, including 175 from its global headquarters in Brooklyn, Ohio.

Finally, AG purchased a 15 percent equity interest in Schurman for \$2 million, and further agreed to provide a limited amount of credit support to Schurman. In describing this complicated trade, AG CEO Zev Weiss said that the addition of the Papyrus brand to the American Greeting family "provides the opportunity to serve a consumer with distinct tastes — a consumer who appreciates the Papyrus approach to design and quality." With respect to AG's sale of its retail units, Weiss commented that, "We believe our stores will flourish under the Schurman leadership team." The Pulse ponders this trio of transactions and concludes that they likely give each of the two participants the opportunity to do more of what they do best — in AG's case, distribute cards, and for Schurman, sell cards through retail stores. We like real synergy when we see it, and these transactions appear to serve that purpose.