

PE Daily: Silver Lake Seeks to Push Through Global Blue Deal | GPB Faces Fraud Claim | Health-Care Deals Bruise KKR, Blackstone | Basis Vectors Sets Up Shop

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Good morning. As more places try to restart pandemic-shuttered businesses, it's anyone's guess how people will respond. Private-equity firms have their work cut out for them as they try to help consumer-facing companies survive.

In the meantime, we have a full menu of news, starting with Silver Lake trying to resuscitate a blank-check outfit's interest in buying its Global Blue portfolio company by investing in the SPAC, as Will Louch reports. A small private-equity firm has set up shop to acquire struggling software-as-a-service businesses, as Laura Cooper writes. Two big health-care buyouts are shaping up to be among the worst-performing private-equity investments in recent years, and not only because of the coronavirus. And I offer a rundown on a legal action taken by Massachusetts regulators against GPB Capital in New York. Please read on...

Today's Top Stories

Technology investor Silver Lake has continued its recent acquisition spree with an unusual deal: a stake in Far Point Acquisition Corp. , a publicly traded blank-check company tied to hedge-fund executive Daniel Loeb, William Louch writes for WSJ Pro. The deal is part of an effort by Silver Lake to push through Far Point's \$2.6 billion purchase of Swiss payment company Global Blue AG, which Silver Lake backed in 2012. Directors of Far Point recently said they would urge shareholders to vote against the Feb. 6 deal. Silver Lake has built up a 12% stake in Far Point by investing around \$100 million in the SPAC this month through an affiliated fund, according to a Securities and Exchange Commission filing.

GPB Capital Holdings LLC faces civil fraud claims in Massachusetts, with regulators saying the firm made false statements to roughly 180 investors who put more than \$14 million in its private-equity funds, WSJ Pro's Ted Bunker reports.

Bay State securities regulators are seeking fines, the disgorgement of profits and a permanent ban on the New York firm from doing business in Massachusetts, according to an administrative complaint filed Wednesday. The complaint also says GPB often used investors' cash to pay monthly distributions instead of making investments, as promised. GPB said it disagrees with the allegations.

A newly formed technology-focused firm targeting lower growth companies may see more opportunities in the wake of the coronavirus pandemic, WSJ Pro's Laura Cooper reports. Basis Vectors has collected \$50 million to invest exclusively in software-as-a-service companies that aren't growing fast or, in some cases, that aren't growing at all. The firm's founders are Chief Executive Ambarish Gupta and Upmanyu Misra, a co-founder and the chief executive of technology fund Cianna Capital in Dubai, which also provided investment capital.

Physician-staffing firms Envision Healthcare and TeamHealth Holdings, whose emergency-room workers are ubiquitous throughout the country, were purchased by KKR and Blackstone Group in 2018 and 2017 for roughly \$6 billion and \$3 billion, respectively. The private-equity firms bought the companies, which contract with hospitals to provide them with an array of medical professionals, with plans to boost revenue and accelerate growth through acquisitions. As is typical in leveraged buyouts, they funded the deals with ample debt, which would accelerate their returns if plans worked out. But things didn't go according to plans, Miriam Gottfried reports for the Journal.

Pro Announcement

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Big Number

5.9%

The overall default rate as of the end of the first quarter among companies that comprise Proskauer Rose LLP's new Private Credit Default Index, which tracks default rates of senior secured and unitranche loans

Deals

KKR has committed \$1 billion to form Global Technical Realty to build and acquire data centers across Europe. The firm is partnering with Franek Sodzawiczny, a veteran data center executive on the deal. Including debt financing, KKR's equity commitment will be able to support more than \$2.5 billion of asset development and investment. KKR is funding the commitment primarily from its third infrastructure fund, the firm said in a press release.

Sunstone Partners, a technology-focused growth-equity firm, said it has invested in Med Tech Solutions, a health-care information technology provider. As part of the deal, Sunstone said that Mona Abutaleb will join the company as chief executive. Ms. Abutaleb previously served as CEO of mindSHIFT Technologies Inc., a managed information-technology and cloud services provider that was acquired by Ricoh in 2014.

Hedge fund Axar Capital has offered to acquire the rest of the publicly traded shares of StoneMor Inc. that it doesn't already own to take the company private. Axar proposed buying the company's stock at 67 cents per share in cash. The firm already owns about 52% of the shares of the Trevese, Pa.-based operator of cemeteries and funeral homes. The stock closed Wednesday at almost 74 cents.

Inspire Brands Asia has acquired Anytime Fitness Asia, backed by an investor group led by Exacta Capital Partners and co-investor Aura Group, according to a news release. The gym operator and management company has more than 350 locations, including in Singapore, Malaysia, the Philippines, Indonesia, Thailand, Taiwan, Vietnam, Hong Kong and Macau. The company continues to be led by Rey Bolivar as chief executive.

Private-equity firm Mediterrania Capital Partners led an investment in diagnostic imaging center operator MetaMed, acquiring the business from Gulf Capital. Gulf Capital initially invested in the startup in 2009 through its GC Equity Partners II fund. The company operates imaging centers in Egypt, Jordan and Saudi Arabia.

U.S. Digestive Health, a private-equity backed management services organization focused on gastroenterology, said it has partnered with Carlisle Digestive Disease Associates, a gastroenterology practice in Carlisle, Pa. U.S. Digestive Health is a portfolio company of Amulet Capital Partners.

Exits

Hellman & Friedman is distributing its remaining shares in publicly traded Grocery Outlet Holding Corp. to its equity holders, the Emeryville, Calif.-based company said Wednesday. The distribution of about 9.6 million shares, or roughly 11% of the company's shares outstanding, is expected to occur Thursday. The shares closed Wednesday at \$37.29 each. The firm initially invested in the grocery distributor and retailer in 2014.

Funds

Carlyle Group is the latest U.S. private-equity firm to pull back from Africa, William Louch writes for WSJ Pro. Four senior Carlyle executives responsible for investing in African companies are leaving the firm and will manage an existing Carlyle Africa fund as an independent firm, a Carlyle spokesman said.

Meanwhile, Carlyle has raised \$317.2 million at least for its Carlyle AIP Secondaries Access VII LP fund, according to regulatory filings. A second fund, Carlyle AIP Secondaries Access VII (Offshore) LP, collected almost \$27.7 million, according to one of the filings. It wasn't clear from the disclosures whether the amounts overlap.

Investcorp has closed its second Italian distressed debt fund with €340 million (\$373.2 million) in commitments, Elisângela Mendonça reports for sister publication Private Equity News. The Italian NPL Fund II aims to invest in nonperforming loans secured by residential and commercial real estate in the country.

People

Midmarket private-equity firm Wynnchurch Capital announced a wave of promotions. The firm promoted Carl Howe and Brian Riordan to its principal ranks; JD Frank, Kevin Hanley and Mike MacKay to vice president level; and Alex Randall and Cole Pospesel to senior associates.

BluWave, an advisory firm that serves private-equity firms and their portfolio companies, said it has hired Katie Marchetti as a managing director. Ms. Marchetti joins the firm from Gerson Lehrman Group, where she served as chief of staff.

Susquehanna Growth Equity has named Colin Day as a senior adviser. Mr. Day is the founder, chairman and former chief executive of recruitment software company iCIMS Inc., a Susquehanna portfolio company.

Industry News

The Japanese bank that was the biggest buyer of debt used to fund private-equity buyouts suffered a ¥400 billion (\$3.7 billion) hit and said it would stop investing in that market, Megumi Fujikawa and Cezar Podkul write for The Wall Street Journal. Norinchukin Bank owns about 10% of the \$700 billion market for corporate debt that was packaged into securities called collateralized debt obligations.

Advantage Holdco Inc. parent of Advantage Rent A Car, filed for chapter 11 in U.S. Bankruptcy Court in Wilmington, Del., along with a half dozen affiliates, including E-Z Rent a Car LLC, listing assets of between \$100 million and \$500 million, and debts of \$500 million to \$1 billion, Patrick Fitzgerald writes for WSJ Pro Bankruptcy. Advantage is owned by funds managed by Catalyst Capital Group Inc., a Canadian investment firm based in Toronto.

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