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Bilzin partners complete acquisition of Miami Lakes' Investacorp

Dealmakers: Attorneys Alan Axelrod and Carlos Junco

The Deal: The Bilzin Sumberg partners represented Miami Lakes-based Investacorp in its \$40 million sale to Miami-based Ladenburg Thalmann Financial Services. The sale closed Oct. 19.

Details: Ladenburg Thalmann paid \$25 million cash at closing and issued \$15 million of three-year notes bearing annual interest at 4.1 percent.

The attorneys led a team of six attorneys representing Investacorp, a broker-dealer and investment adviser. Investacorp continues as a standalone company operating under its own name with the same management team.

In addition to the \$40 million in cash, Ladenburg agreed to reimburse Investacorp chairman and chief executive officer Bruce Zwigard and a related seller about \$5.1 million subject to post-closing adjustments. That amount represents Investacorp's pre-existing net worth.

The Bilzin Sumberg team also represented Zwigard in an employment contract where he will continue leading the firm.

Zwigard received options for 3 million shares of Ladenburg common stock at \$1.91 per share, vesting over three years with a 10-year term.

Investacorp manages more than \$8.5 billion in assets and has 500 independent representatives registered with the Financial

Industry Regulatory Authority. The firm generated revenue of \$63 million in the fiscal year ended June 30.

Ladenburg Thalmann financed the transaction with a \$30 million, five-year loan from Frost Gamma Investments Trust, an affiliate of Ladenburg chairman Phillip Frost.

One challenge was preparing the stock purchase agreement, which was signed on closing day.

"When you sign a stock purchase agreement or any kind of agreement you do a certain amount of work [for the] signing and you do some work where you compile all of the closing documentation," Junco said. "Here all of it needed to be done and ready on the same day so you have less time to do it."

The transaction also was challenging because Investacorp is made up of nine companies involved in three lines of business, requiring the approval of federal and state regulators. The business lines include investment advisory services, broker-dealer services and the sale of variable annuity insurance products.

Background: Axelrod is co-chair of Bilzin Sumberg's corporate and securities group, and Junco is in the firm's corporate and securities and technology and telecommunications groups. Lawyers from New York-based Graubard Miller represented Ladenburg in the transaction.