



## **FHL CAPITAL CASE STUDY: SALE OF SOUTHERN CAL TRANSPORT**

### **THE NEED**

Ken Adams, founder and owner of Southern Cal Transport (SoCal), had built a successful trucking company with revenues in excess of \$150 million. The Company's long-haul, regional, intermodal, and logistics operations covered the United States and it had become an emerging leader in the industry.

Ken had bought, built, and sold several successful trucking companies in his career and was approaching his mid-70's. He actively led day-to-day operations at SoCal and enjoyed the business. However, he was personally guaranteeing a debt load that, while normal for the trucking industry, was more than he cared for at his age. When he received an unsolicited call from a well respected competitor in the industry suggesting an acquisition, he knew he should at least consider some liquidity event but did not want to proceed alone.

### **THE SOLUTION**

Ken had worked with the professionals at FHL on transactions for over 30 years. He called FHL to get advice on the best response to the overture from Transport America (TA). Ken and his senior managers were interested in TA, had a history with several of TA's executives, and knew there could be a complementary business fit for the two companies. Ken engaged FHL to guide the process of exploring a deal with TA.

FHL, in conjunction with Ken and the management team, negotiated a successful sale of SoCal to TA. The valuation was very attractive and Ken desired to take care of several important people, as well as receive a combination of cash and stock in TA for himself. Doing so introduced several complex elements above and beyond the normal intricacy of negotiating price and structure. FHL negotiated the deal, performed due diligence on TA, and managed a team of top quality advisors to work through the complexities.

### **THE BENEFITS**

*"I've worked with Ed Finch and FHL for over 30 years. This transaction made great sense but had numerous complex financial, accounting, legal, and tax aspects. Without the guidance of FHL, I don't think we would have achieved the outstanding result we did and may not have even done the transaction" – Ken Adams*

Ken was able to achieve an outstanding result while focusing on SoCal's operations and keeping a strong relationship with his team and his new partners at TA. Ken became a director and major stockholder of TA, received ample liquidity for his family, and was removed from all personal guarantees of debt. The combined company had over 2,200 drivers and became one of the top truckload carriers in the US. The result of the transaction was a much deserved reward for a brilliant career.

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