

AmCad Auction Finishes with K1 Capital as Winning Bidder

November 12, 2014

AmCad Holdings is set to offload its assets to private equity firm K1 Capital for USD 7.2m following the conclusion of the data management software company's auction today, according to SOLIC Capital Managing Director Matt Rubin, the debtor's financial advisor.

K1 Capital emerged as the winning bidder after beating out N. Harris Computer, a subsidiary of Constellation Software, Rubin said. Harris, as well as data management peer Klass Software, previously put forth offers for different parts of the debtor's operations, Rubin noted, including Klass submitting a USD 4.8m bid for AmCad's land records business in October.

However, after ultimately deciding to pursue a sale of all of its assets together, rather than move forward with a piecemeal auction, AmCad set forth plans to initiate an auction process with a USD 6.7m floor with bidders Klass and Harris, Rubin said. Shortly after, K1 Capital—previously not involved in talks with the debtor—thwarted the plan, reaching a non-disclosure agreement with AmCad on 7 November and entering a bid for USD 6.8m, Rubin continued.

Klass subsequently stepped out of the auction process and Harris and K1 Capital continued increasing bids in increments of USD 100,000, with K1 Capital ultimately winning with the USD 7.2m offer.

Under the terms of the deal, the sale to K1 Capital—a Los Angeles-based sponsor focused on acquisitions in the software and technology space—must close by 14 November, Rubin noted. Judge Mary Walrath of the U.S. Bankruptcy Court for the District of Delaware is scheduled to consider approving the sale at a hearing tomorrow.

AmCad was acquired last September by private equity firm Riverside Partners, but shortly after the deal closed it became apparent that prior management had given inaccurate and unreliable financial statements, current AmCad President Patrick Conley said in his first-day declaration.

The company filed for Chapter 11 on 19 September 2014 owing USD 5.79m on a secured revolver held by Fifth Street Finance that matured 14 February, 2014. Fifth Street is providing the debtor with postpetition financing priced at 11% that rolls up the prepetition debt and provides USD 1m in new money.

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