

## New Firm CrownBrook Capital Hopes To Break Into PE Game

BY [MATTHEW MONKS](#)

NEW YORK 2/20/2007 – A logistics industry veteran and a real estate mogul have launched an investment boutique called CrownBrook Capital LLC that they hope will become a "farm system" for middle-market buyout firms.

CrownBrook is looking to buy small, well-run manufacturing, services and distribution companies, build them up through acquisitions and other means, and sell them down the line to private equity players, said Ron Schinik, co-founder of the New York firm. It is focusing on a market niche overlooked by most buyout shops: highly fragmented industries where companies have \$1.5 million to \$5 million in earnings before interest, taxes, depreciation and amortization, said Schinik, who spent a decade with Quick International Courier, most recently as chief financial officer in charge of auditing acquisition targets in the U.S. and abroad.

"[It is] a less efficient market and I wanted to build a farm system for the larger private equity shops," said Schinik, who started his career at investment bank Rodman & Renshaw LLC, where he handled private placements, initial public offerings and secondary offerings.

CrownBrook will spend a lot of time working closely with portfolio companies, developing their information technology platforms and marketing strategies, functions many small businesses lack. The firm is exclusively bankrolled by Schinik and his partner, David Krinsky, who made a fortune as a founder of commercial real estate developer Maxim Properties Inc. and OptimumBank Holdings, Inc, a publicly traded commercial and residential real estate lender. The two would like to raise an institutional fund in a couple years, after developing a track record of successful investments, Schinik said.

CrownBrook closed its first purchase last month of Freeport, N.Y.-based Debco Plastics Inc., a plastics recycler. The firm is in the midst of lining up a couple of add-on acquisitions that could boost the company's annual revenue from \$7.5 million to \$50 million, he said.

Crownbrook is part of a wave of investors flooding the lower end of the market lately, according to **Howard Snyder**, vice president of boutique investment bank **Curtis Financial Group LLC**, which represents entrepreneurs looking to sell their businesses to buyout firms. It is advising CrownBrook in an acquisition of a second plastics recycling company.

**Snyder** said the players typically fall into two categories: small shops run by self-financed, successful business executives like Schinik and Krinsky; and veteran buyout artists striking out on their own with new, institutionally backed micro-cap funds. Florida Capital Partners veteran Glenn Oken, who recently launched a new firm called Mangrove Equity Partners, falls into the latter category, he said.

A lot of the one- and two-man shops will probably go bust in a couple years when the private equity market cools, **Snyder** said. He thinks CrownBrook has a good shot of morphing into an institutionally backed firm because Krinsky and Schinik have good connections in the investment banking world. For instance, they came out on top in the sale process for Debco Plastics because they were able to line up the financing in advance from Fifth Street Capital LLC, he said.

They also have identified an interesting niche with the plastic recycling play, **Snyder** said, while a lot of their peers are generalists without a strong investing angle.

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