

Metal Center News

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Service Center News

LEWIS BRASS & COPPER NOW EMPLOYEE-OWNED

Lewis Brass & Copper Co. Inc., a major distributor of copper and brass alloys based in Middle Village, N.Y., has completed a leveraged Employee Stock Ownership Plan.

The March 31 transaction transferred 49 percent of company ownership from Jay, Avri and Elliot Horowitz, CEO, COO and silent owner of Lewis Brass, respectively, to the company's 21 employees. Jay and Avri Horowitz continue to manage the company.

The deal was brokered through Corporate Solutions Group LLC and financing was provided by Chase Manhattan Bank.

Lewis Brass was founded in 1957 as a brass tubing service center by Fred Horowitz, who immigrated to the United States only five years earlier. The company has acquired a number of operations over the years: Chautauqua Hardware Corp., Jamestown, N.Y., in 1994, which makes brass tubing; Drawn Metal Tube Co. in 1997, the brass welded tube division of Outokumpu American Brass, in 1998; and Plume & Atwood in

1999. The company also started up new divisions, such as Jamestown Ornamental Tube in 1995, and American Unibrass Tube in 1999.

Today, Lewis distributes architectural and ornamental brass and bronze tubing and pipe, rods and bars, sheet, strip, coil and plate, channels, tees and angles, and handrail tubing and molding.

Introduced by Congress in 1972 and covered by ERISA, leveraged ESOPs—which transfer ownership interest in a company to employees—offer companies a tool to create alternative liquidity and access to associated tax benefits, while aligning employer and employee interest and creating value for employees.

"It's very common for an individual's assets to be overweighed in a successful family business, which can present problems in estate planning and portfolio diversification. In these situations—for businesses that generate a reasonable EBITDA—an ESOP is a strong alternative to a sale or merger," says Larry Kaplan, managing director of Corporate Solutions Group.

"Because it's a big decision to sell a family business, ESOPs ... allow an owner to access frozen capital, plan for succession and enjoy tax benefits while retaining company control and rewarding loyal employees," Kaplan adds.

CSG's staff "understood what a big step this was for my family," Jay Horowitz says. "They worked very closely with us. We were never in the dark or out of touch. And everything they said would happen did, exactly as they described it. There were no surprises. For Lewis Brass, its employees and customers, not much has really changed: We just took what was a family owned business and expanded the family."

PEOPLE

Lou Terhar has been elected president and chief executive officer of **Integrus Metals**. Terhar's most recent position was as president and CEO of Indian Motorcycle Corp. From 1992-99, he was president and CEO of David J. Joseph Co., a metals recycling and trading firm. He followed this as president of SHV Holdings N.V North America and SHV Capital Ventures from 1999-2001.