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A Few Sound Investments

Le Moyne graduate looking to do business in CNY

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By Charley Hannagan
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More than 100 business leaders Wednesday juggled wine glasses and cocktails in the Century Club as they talked about Central New York's business climate.

The host, Michael D. Madden, the managing partner of BlackEagle Partners LLC, walked from group to group, smiling and shaking hands. The \$200 million investment fund has come shopping, and Madden is determined to invest in Central New York companies.

It may be difficult to get credit, he said, but "there are lot of people like me who have a lot of dry powder who would like to put money to work. And frankly we're doing deals without any bank financing right now because we believe in the company and what we can do to improve the operations or effect a turnaround and we'll worry about the financing later."

In an interview before the event, Madden said he believes the area is underserved by equity funds, something he hopes to change.

Randy Wolken, president of the Manufacturers Association of Central New York, agrees.

"My sense is we don't have enough of them," he said. "We could use more attention from the equity markets."

In the current credit crisis, it's more difficult for local companies to get access to money to buy equipment, modernize or to invest in new technology, Wolken said outside the event. "A lot of people are here tonight to hear in general about the markets and what to expect going forward."

Madden said he expects next year to be a tough one for businesses. However, Central New York's companies should have an easier time getting credit than businesses in other regions, he said.

"The bad news is the big deal market is shut down," Madden said. "The good news is that the market for smaller transactions, that's basically what lives in Central New York, is still open."

Many local banks, which have not been as dramatically affected by the financial meltdown on Wall Street, continue to lend to businesses, he said.

Madden is a native of Buffalo. He attended Le Moyne College, graduating magna cum laude in 1971 with a bachelor's degree in economics. He later received an MBA from The Wharton School at the University of Pennsylvania. He was a senior partner in Questor, a private equity fund, and a partner in Beacon Group Holdings LLC, a merchant bank bought by JP Morgan,

among other things.

In 1998, Madden donated \$1 million to Le Moyne to endow the Michael D. Madden Institute for Business Education.

Earlier, Madden's fund had tried to buy Oneida Ltd. and Agway Energy, but for various reasons, he said, the deals fell through. BlackEagle has its eye on buying pieces of three local companies, and is doing the due diligence on those deals. Madden declined to say who they were.

BlackEagle is a private investment fund. It uses money from wealthy individuals and institutions to invest in underperforming companies. The firm believes that substantial long-term appreciation can be created with the right combination of capital and expertise in improving operations.

BlackEagle is not a silent partner, Madden said. It takes an active part in management and works to turn businesses around through lean business philosophies, he said.

And right now, it has \$200 million burning a hole in its pocket.

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