

Phila. equity firm makes bid for Malden Mills

Chrysalis Capital Partners is offering the same price as another bidder. The Polartec maker filed for bankruptcy.

By Mark Jewell
ASSOCIATED PRESS

Chrysalis Capital Partners Inc., a Philadelphia-based private equity firm, has made a competing bid for bankrupt Malden Mills Industries Inc., a New England textile maker.

Chrysalis yesterday said it was offering the same \$44 million price contained in a tentative purchase agreement Malden Mills reached, before it filed for bankruptcy protection, with Boston-based Gordon Bros. Group.

That agreement is subject to the approval of the U.S. Bankruptcy Court. Malden Mills filed for Chapter 11 protection in Delaware on Wednesday, though Bloomberg News reported that a federal bankruptcy judge in Massachusetts ordered the case moved there yesterday. Wednesday's filing came just over three years after the privately held maker of Polartec fleece and other specialty fabrics emerged from an earlier bankruptcy.

The new bankruptcy gives potential bidders 45 days to submit offers to compete with the Gordon Bros.' agreement, which the company and Lawrence-based Malden Mills hope to complete by the end of next month.

Paul Halpern, a partner at Chrysalis, said his firm "has submitted a similar offer to the owners of Malden Mills and is looking forward to participating in the auction."

Chrysalis said in a statement that the company "is supportive of Malden Mills' current management team and operational plan." Chrysalis said its

offer would treat Malden Mills' creditors identically to the Gordon Bros. offer, except it would not require payment of a breakup fee from Malden Mills if it backs out of a purchase deal.

Chrysalis said it had submitted its bid to Malden Mills, but had not yet submitted it in court.

Spokesmen for Malden Mills and Gordon Bros. declined to comment yesterday on the Chrysalis bid.

Both Chrysalis and Gordon Bros. specialize in investing in troubled companies undergoing restructuring, including bankruptcies.

Malden Mills emerged from its earlier bankruptcy in 2003 with lenders in control of the company, ending three generations of leadership under the Feuerstein family. Aaron Feuerstein gained national renown for his decision to keep workers on payroll after a 1995 fire destroyed the company's main factory in Lawrence.

Malden Mills has struggled to overcome financial problems lingering from its prior bankruptcy while also competing against foreign textile makers with lower labor costs.

The company employs more than 800 workers at its plants in Lawrence, Mass., and in Hudson, N.H. Its customers include Lands' End, The North Face, Patagonia and the Pentagon.