

The Stop Wall Street Looting Act Would Protect Texas’s Retail Workers

The private equity industry has taken a bite out of the retail industry—flexing some of its \$5 trillion muscle to loot well-known retailers like Sears, Toys ‘R’ Us and Gymboree costing workers their jobs and economic security and eroding the economic vitality of Texas’s communities.

Private equity (PE) firms gain often control of companies like retail chains by using high-risk leveraged buyouts before extracting money from the target firms. The purchased retailers are forced to pay millions in fees, take on massive debts, and often even borrow money to pay dividends to the PE firms that seized control. This puts the viability of the stores and the livelihoods of workers at risk in order to deliver vast wealth to a tiny handful of PE executives.

Over the past decade, private equity has targeted the retail industry, buying up scores of retail chains. Too often, the PE firms’ predatory practices are putting those chains at risk, and forcing them into bankruptcy and liquidation. Since 2012, 10 of the 14 biggest retail bankruptcies have been at private equity-owned firms. Just two of these PE-driven bankruptcies cost 1,152 jobs at Sears and 3,575 at Toys ‘R’ Us in Texas.

Across the country, hundreds of thousands of other workers have lost their jobs—and often their pensions and benefits—because of private equity-owned bankruptcies or shutdowns at A&P, Payless Shoesource, Radio Shack, Shopko, and many more.

Nearly 6 million people work at PE-owned companies, including about 1 million at retail chains. Today, there are more than 21,000 private equity-owned retail stores across the United States, including 1,645 in Texas. There are 1,454,500 workers at retail companies earning an average of \$32,792 annually in Texas. These workers, their families, and communities are vulnerable to the private equity industry’s looting that has already cost so many so much.

PE-Owned Retail Stores in Texas 2019	
Total Texas Stores	1,680
99 Cents Only Stores	47
Academy Sports + Outdoors	102
Aeropostale	59
Albertsons (Randalls, Tom Thumb, United)	213
At Home Group	34
Avenue Stores	30
Bass Pro Shops/ Cabela's	14
Belk	16
Charming Charlie*	35
Coldwater Creek	4
David's Bridal	25
Fiesta Mart	60
Floor & Decor Outlets of America	15
Guitar Center	34
Hot Topic	55
J. Crew	38
Jetro Cash & Carry/ Restaurant Depot	9
Jo-Ann Stores	35
Kriser's Natural Pet	9
Michaels	90
National Vision	105
Neiman Marcus Group	7
Party City	65
PetCo	129
PetSmart	139
PSEB Group (PacSun)	39
rue21	73
Save-A-Lot	10
Savers	10
Sears Holdings†	67
Staples	34
The Container Store	13
The Talbots, Inc.	36
Things Remembered	15
True Religion Apparel	8
West Marine	6

It’s time for Washington to stand up to Wall Street and protect workers and communities from the threat of predatory private equity tactics. The Stop Wall Street Looting Act (S. 2155/H.R. 3848) would prevent private equity funds from using financial engineering to raid retailers by loading them with debt, stripping them of assets, charging multimillion-dollar fees, and more. It also would give workers’ pensions, benefits, and severance higher priority in bankruptcy, and hold PE executives liable for the obligations of the companies they own, preventing the private equity firms from cannibalizing the companies and forcing the economic losses on workers and communities.

For more information, contact:

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Sources: State retail jobs from Census Bureau 2017 American Community Survey; wage data from Bureau of Labor Statistics Quarterly Census of Employment and Wages; Sears and Toys ‘R’ Us layoffs estimated based on change in state stores since bankruptcy and average per-store employment based on Securities and Exchange Commission filings; store counts from corporate websites or Securities and Exchange Commission filings; * Charming Charlie announced it was closing its remaining stores in July 2019; † Sears Holdings includes only Sears, Sears Hometown, and K-Mart not appliance, hardware or auto; total does not include private equity-owned retailers Ashley Stewart, BCBG Max Azria, Claire’s Stores, GPM Investments, or Vitamin World where store counts by state were unavailable.