

The Stop Wall Street Looting Act Would Protect Louisiana'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 Louisiana’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 495 at Toys ‘R’ Us in Louisiana.

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 278 in Louisiana. There are 236,400 workers at retail companies earning an average of \$28,099 annually in Louisiana. 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 Louisiana 2019 | |
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| Total Louisiana Stores | 286 |
| Academy Sports + Outdoors | 18 |
| Aeropostale | 9 |
| Albertsons | 16 |
| At Home Group | 4 |
| Avenue Stores | 2 |
| Bass Pro Shops/ Cabela's | 3 |
| Belk | 5 |
| Charming Charlie* | 8 |
| David's Bridal | 6 |
| Floor & Decor Outlets of America | 1 |
| Guitar Center | 4 |
| Hot Topic | 8 |
| J. Crew | 5 |
| Jetro Cash & Carry/ Restaurant Depot | 2 |
| Jo-Ann Stores | 8 |
| Michaels | 16 |
| National Vision | 15 |
| Party City | 11 |
| PetCo | 19 |
| PetSmart | 21 |
| PSEB Group (PacSun) | 4 |
| rue21 | 19 |
| Save-A-Lot | 23 |
| Sears Holdings† | 10 |
| Southeastern Grocers (SEG)‡ | 29 |
| The Fresh Market | 5 |
| The Talbots, Inc. | 9 |
| True Religion Apparel | 1 |
| West Marine | 5 |

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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