

Golden Gate's Neways Said to Weigh Options Including Bankruptcy
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Nov. 17 (Bloomberg) -- Golden Gate Capital Corp.'s Neways, a maker of personal care and household products, is weighing restructuring options that would give control of the company to creditors, said three people with knowledge of the talks.

Neways, which defaulted on about \$235 million of second- lien loans that matured last week, is considering a bankruptcy filing or an out-of-court financial restructuring that would likely lead to Golden Gate losing control, said the people, who declined to be identified because the talks are private.

Creditors that would take over the company include SAC Capital Advisors LP, Z Capital Partners LLC, Silver Point Capital LP and American Capital Ltd., the people said. Golden Gate sought bankruptcy protection for another portfolio company, Orchard Brands, in January after attempts to sell the retailer failed.

"Neways has been actively engaged in negotiations with its lenders for several months and we hope to reach a mutually agreeable resolution as expeditiously as possible," Meaghan Repko, a spokeswoman for the company, said in an e-mailed statement. "It remains business as usual at Neways and our operations will continue as normal throughout this process."

Neways, which distributes health and beauty products in nearly 30 countries through a global network of about 500,000 independent distributors, was acquired by San Francisco-based Golden Gate for an undisclosed price in 2006. The Springville, Utah-based company has struggled with operations, including at its business in Japan, according to the people.

Peter J. Solomon Co. is advising Neways, said the people.

Spokesmen for Golden Gate, SAC Capital and Z Capital declined to comment. Silver Point, American Capital and Peter J. Solomon didn't immediately return calls seeking comment.

Golden Gate, which manages about \$12 billion, raised \$3.5 billion for its Opportunity Fund last month, according to a person familiar with that investment. The private-equity firm made more than 10 times its \$50 million investment in Herbalife Ltd., another personal care retailer that went public in 2004, the person said.

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