

Palladium orders up Mexican

by Christine Idzelis

PRIVATE EQUITY New York private equity firm **Palladium Equity Partners LLC** has agreed to buy **TB Corp.**, the parent of the Taco Bueno restaurant chain, from **Jacobson Partners** in a secondary buyout.

No terms were announced, but the target is valued at between \$160 million and \$200 million, according to a source familiar with the transaction. And Jacobson, a New York buyout firm, has more than tripled its money on the 4-year-old investment.

Dallas-based Taco Bueno Restaurants LLP is a Mexican food, quick-service chain with outlets in Texas, Oklahoma and Kansas. It generated roughly \$140 million in revenue last year.

Edmund J. Gaffney, a principal at Jacobson, declined to comment on the deal's value or the return of his New York private equity firm. But

he said that the firm had received dividends from the company and his firm's Web site says that Taco Bueno investors had booked substantial gains even before the sale. It says, "[I]nvestors have already realized 3.2 times their initial investment through recapitalizations in December 2002 and July 2004." Jacobson purchased the company in 2001, when the chain was struggling financially. The seller, **CKE Restaurants Inc.** of Anaheim, Calif., said at the time that it was selling Taco Bueno to Jacobson for \$72.5 million. The chain had logged about \$100 million in revenue in 2000.

Palladium, which is buying 100% of Taco Bueno, plans to expand the business through new store openings and internal growth, said Peter Joseph, managing director at Palladium. It is also eyeing potential franchise partners, he added.

"We are very eager to be looking at transactions that are benefiting



from the Hispanic demographic in the this country," Joseph said.

The acquisition is expected to close Aug. 2. Bradley Kulman of **Stroock & Stroock & Lavan LLP** is counsel to Jacobson. The buyers are relying on **O'Melveny & Myers LLP's** Greg Gilbert and Brad Okun for legal advice.

A call to Stephen Clark, president and CEO of Taco Bueno Restaurants, was not returned. ■

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