

BIZfact

820

Number of SBA disaster and economic injury loans approved for LI businesses after Sandy, out of 2,789 applications

Source: Small Business Administration

FREDDIE, FANNIE STAKES DISCLOSED

Activist investor Bill Ackman's company has disclosed stakes in government-controlled mortgage giants Fannie Mae and Freddie Mac.

In regulatory filings, Pershing Square Capital Management LP said it has a 9.98 percent stake in Fannie Mae and a 9.77 percent stake in Freddie Mac.

Earlier this month Fannie Mae and Freddie Mac reported strong third-quarter earnings as the U.S. housing market continues to recover. The government rescued Fannie and Freddie at the height of the financial crisis in September 2008 when both veered toward collapse under the weight of losses on risky mortgages. Together the companies received taxpayer aid totaling \$187 billion.

The gradual recovery of the housing market has made Fannie and Freddie profitable again. Their repayments of the government loans have helped make this year's federal budget deficit the smallest in five years. The two companies buy mortgages from lenders, package them as bonds, guarantee them against default and sell them to investors. That helps make loans available.

Ackman's Friday disclosure follows investment firm Fairholme Capital Management's Wednesday offer to buy Fannie and Freddie's core businesses from the government in a \$52-billion deal.

The Obama administration is seeking to wind down Fannie and Freddie. The Obama plan seeks to replace the two with a system that would put the private sector, not the government, primarily at risk for the loans. — AP

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Adding liquid drugs

LI generics maker has deal to buy company in S.C.

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A local manufacturer of generic over-the-counter medicine is expanding from pills to liquids by purchasing a South Carolina drugmaker, in a deal to be announced today.

PL Developments of Westbury has reached agreement to buy Aaron Industries of Clinton, S.C., for an undisclosed amount, officials said.

The combined company would have sales of more than \$400 million per year, operations in four states and 1,100 workers.

The deal, which is subject to Federal Trade Commission approval, is expected to close this month.

Both businesses produce generic drugs for treating colds, allergies, pain, motion sickness, digestive ailments and sleeping problems. The remedies are sold under the store brands of major retail chains such as Walmart, Target, CVS, Walgreens, Costco and Family Dollar.

Purchasing Aaron gives PL Developments, also called PLD, a line of liquid medicines, hydrogen peroxide and first-aid items. PLD currently doesn't sell drugs in liquid form but only as pills, tablets and capsules.

"This transaction will increase our shelf space" at stores, said PLD chief executive Mitch Singer.

PLD's sales are more than \$200 million a year, or about 65 percent of the projected sales of the combined companies. PLD employs 650 people; most of them work at a factory in Westbury and warehouses in Westbury and Farmingdale.

Purchase eyed for a while

Singer, who started PLD in 1988, said he and his family had been considering the Aaron purchase for a couple of years. Talks intensified in July, and an agreement was reached last month.

Singer's oldest son, Evan, executive vice president for corporate development, said the acquisition improves PLD's po-



PL Developments executives Mitch, Adam and Evan Singer, from left, line up behind a production line in Westbury. The company aims to expand beyond pills, tablets and capsules.

sition in the marketplace.

Other local businesses compete in the same arena, including Contract Pharmaceutical Corp. and LNK International, both of Hauppauge.

Advantage with retailers

"This makes us more relevant" to retailers, because consumers already spend more than \$1 billion per year on PLD and Aaron products, Evan R. Singer said.

Generic drugs have become increasingly popular, both among consumers looking to reduce health care costs and stores wanting higher profits. This trend is partially responsible for a building boom by local drugmakers. Twelve have announced expansion plans since 2010 that total \$387 million and more than 2,000 new jobs.

Asked if Aaron's plants would close, Evan Singer said, "The plan is to keep the current facilities network intact . . . We plan to invest heavily in infrastructure, to make improvements."

Singer's brother, Adam, infrastructure and projects vice president, said Aaron's factories and

PL DEVELOPMENTS' GROWTH

How the local drugmaker will stack up after its purchase of a South Carolina-based company

Headquarters
Westbury

Clinton, S.C.; and Lynwood, Calif.

Annual sales
More than \$400 million

Employees
1,100 (575 on Long Island)

Factories
One each in Westbury; Miami;

Products

Over-the-counter generic drugs, in tablet and liquid form, sold under the store brands of major retail chains such as Walmart, Target, CVS, Walgreens, Costco and Family Dollar

SOURCES: PL Developments, Aaron Industries, Newsday research

warehouses in South Carolina and California, combined with PLD's in Nassau County and Florida, will create a national distribution system. He said a Midwest operation may be added, "because delivering products in less than two days is very important."

Linda Singer, the CEO's wife, serves as executive vice

president for creative services. Aaron chief executive James L. Medford called PLD the "ideal partner to take us to the next level."

Aaron employs 450 people, primarily in California. Its majority owner, the private equity firm Stephens Capital Partners and J.P. Morgan Chase & Co., financed the sale.