

## **Investing in a Success Strategy: Milestone Merchant Partners Focuses on Advising, Private Equity Funding**

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The formula has worked in the past: assemble a top-notch team of investment bankers, a blue-chip advisory board and invest a couple of hundred million dollars in companies around the world.

That strategy turned the Carlyle Group into a multibillion-dollar investment giant, one of the largest in the country, just 14 years after it was founded by a handful of Washington lawyers and executives.

Now, the formula is being put to the test again by a new group of Washington financiers and lawyers at nine-month-old Milestone Merchant Partners.

“Carlyle is the standard,” said Steven J. Quamme, a Milestone managing director. “Anyone would do well to emulate what they’ve accomplished.”

Backed by a \$100 million cash infusion from the Koos Group, the Taiwanese holding company, Milestone, launched in April, is led by Quamme, a former private equity attorney and investor, and Eugene S. Weil and Robert H. Hartheimer, two former investment bankers from Friedman, Billings, Ramsey Group Inc. of Arlington.

Like Carlyle, Milestone has assembled a prestigious list of advisors, including Edward J. Mathias, one of Carlyle’s founders; Washington lawyer James A. Baker IV, whose father James A. Baker III, is a senior counselor at Carlyle; and Haley Barbour, a partner in a local public affairs firm and former chairman of the Republican National Committee.

Of course, there are differences between Milestone and Carlyle. The most notable is Milestone’s advisory services business. Quamme said that Milestone’s activities are evenly split between advisory services – working with companies involved in mergers and acquisitions – and private equity investing. Carlyle’s focus since it’s founding has been exclusively on investing.

“We have avoided advisory,” Carlyle’s Mathias said. “There was just a feeling that it consumed resources. We primarily wanted to be a direct investment firm.”

Since its inception, Milestone has advised on mergers and acquisitions totaling more than \$600 million and in November acquired International Equity Partners LP, an international private equity firm with large interests in Romania and India.

Among IEP’s largest holdings is a 30 percent stake in Rompetrol Group, the Romanian national oil company. A former Milestone managing director, G. Philip Stephenson, was

named deputy chief executive of Rompetrol last month to help with fundraising and strategic planning that could result in sales of some non-core businesses.

Earlier this month, Milestone began actively raising a new debt and equity fund that Quamme said could total \$300 million from domestic and international investors. That fund, which will focus on investments in Eastern Europe and Russia, would be added to the \$180 million the firm currently has under management after the acquisition of IEP.

Quamme also has plans to raise an affiliated fund to focus on investments in India and Southeast Asia.