



“Capstan buys Georgia hardware stores”

Geert De Lombaerde, 8/14/2014

A local investment fund that specializes in special situations has acquired three hardware stores north of Atlanta and plans to build a regional chain under the Ace Hardware flag.

Capstan Fund, which is run by Steve Curnutte, this week completed the acquisition via bankruptcy auction of two stores in Cumming, Ga., and one in Alpharetta, Ga. Curnutte said the previous store owners filed for protection from their creditors in June because of operational and leverage issues. Next up, he will even up the stores' obligations and restock their shelves, lifting his total investment in the project to more than \$1 million. Capstan is partnering with former Ace market development manager Darin Workman, who is now CEO of the stores that employ almost 30 people.

"Retail hardware is such a durable market; it's been around for more than 100 years," he said. "Getting it right is so much more about execution. There's no commodity risk and very little credit risk."

The Georgia acquisitions is taking Curnutte back into a sector he knows well. He first partnered with local Ace Hardware operator Steve Avery in 2009 and said he began hatching his regional expansion plan late last year, which included talking with Ace Hardware executives. His aim is to snap up stores whose owners have either run into financial problems or are looking to exit the business. A well-run Ace store, he added, can ring up annual sales of \$1.5 million and Capstan is aiming to grow to 40 stores over the next five years. If possible, Curnutte wants to have some of that growth be in Middle Tennessee and in conjunction with Avery's Tri-Core chain but said he's generally "a bit agnostic about geography."

In Atlanta, Curnutte and Capstan worked with attorney Gus Small of Cohen Pollock Merlin & Small.