

Lason

Background

GTCR Purchased A Controlling Interest In Lason, A Michigan Document Management Company, In 1995. “In 1995 GTCR GolderRauner L.L.C. invested in Lason. GTCR placed two directors on the Lason board and was a 57 percent owner when the company went public on Oct. 15, 1996.” (Brent Snavely, “Lason's buying binge sends company into stock free fall,” *Crain's Detroit Business*, 7/3/00)

Rauner Served on Lason's Board From January Of 1995 To November Of 1999.

Rauner Began Serving on Lason's Board In January of 1995. “Bruce V. Rauner has served as a Director of the Company since January 1995. Mr. Rauner is a principal and has been with Golder, Thoma, Cressey, Rauner, Inc. (“GTCR”), an affiliate of GTCR Fund IV, since 1984. Mr. Rauner is also a director of ERO, Inc., COREStaff, Inc., Coinmach Laundry Corporation and Polymer Group, Inc. (SEC Form S-1, Lason Holdings Inc, 8/8/96)

Rauner Left Lason's Board In November of 1999. “Lason, Inc. (Nasdaq NM: LSON) today announced that it elected Michael T. Willis to its Board of Directors. Mr. Willis is chairman, president, and chief executive officer of COMSYS Information Technology Services, Inc., in Houston, Texas...Mr. Willis succeeds Bruce V. Rauner, principal with GTCR GolderRauner, LLC, who resigned from the Board. (“Lason Elects New Board Member,” Press Release, 11/12/99)

Securities Fraud At Lason

After Gaining Control Of The Company, GTCR Installed William Rauwerdink As CFO Of Lason. “Ironically, shortly after GTCR's original investment in Lason in the mid-1990s, the firm installed as CFO William Rauwerdink, who was fresh off of an SEC settlement related to insider trading charges.” (“Watercooler,” *Mergers & Acquisitions*, 8/1/11)

Rauwerdink Had Settled With The SEC Over Insider Trading Charges Shortly Before Being Hired At Lason. “Ironically, shortly after GTCR's original investment in Lason in the mid-1990s, the firm installed as CFO William Rauwerdink, who was fresh off of an SEC settlement related to insider trading charges.” (“Watercooler,” *Mergers & Acquisitions*, 8/1/11)

In 2003, Rauwerdink And Two Other Lason Executives Were Indicted For Conspiring To Commit Fraud And Lying To The Securities And Exchange Commission. “Three former top executives of a Troy-based data management firm were charged Tuesday with conspiracy to commit fraud and lying to the U.S.

Securities and Exchange Commission. The indictment names Gary L. Monroe, Lason Inc.'s former chief executive officer; William J. Rauwerdink, former board chairman; and John Messinger, who was president and chief operating officer. All three held their posts between 1997 and 2000." ("Three former Lason executives indicted for fraud," *Associated Press*, 5/13/03)

The Federal Indictment Alleged That The Executives Had Engaged In Fraudulent Conduct From 1997 To 2000. "From approximately 1997 until approximately early to mid 2000, several Lason officers and employees knowingly devised, executed, and participated in a scheme to defraud and to obtain money by means of materially false and fraudulent pretenses and representations." (First Superseding Indictment, United States of America v. Gary L. Monroe, William J. Rauwerink, and John R. Messinger, NO. 03-CR-80474-DT, page 6)

Rauwerdink Pled Guilty And Was Sentenced To 45 Months In Prison And To Pay \$285 Million In Restitution. "Another Lason Inc executive was sentenced Wednesday to 45 months in prison on charges of fraud and overstating the data management company's earnings. Prosecutors have said William J. Rauwerdink and two others conspired to inflate Lason's 1999 third-quarter profits by about \$13 million in a filing with the U.S. Securities and Exchange Commission... U.S. District Judge Arthur Tarnow also ordered Rauwerdink to pay \$115 million in restitution to former shareholders of Troy-based Lason and \$170 million in restitution to Lason's principal lender, a bank group led by Bank One Michigan, U.S. Attorney Stephen J. Murphy said in a statement. ("Former Lason exec gets prison time for fraud, false SEC statement," *Associated Press*, 7/7/07)

Rauner Served On Lason's Board Of Directors For Nearly The Entire Period Of Rauwerdink And The Other Lason Executives' Fraudulent Activities.

Lason Bankruptcy

Lason Filed For Chapter 11 Bankruptcy In December of 2001. "Lason Inc., once a high-flying high-tech company, sought bankruptcy protection Wednesday, after amassing more than \$ 360 million in debt in recent years." ("Troy, Michigan-Based High-Tech Firm Seeks Bankruptcy Protection," *Detroit Free Press*, 12/6/01)

Lason Had Burned Through \$450 Million In Cash, \$220 Million In Stock, And Amassed \$320 Million In Debt By Purchasing 76 Companies In 4 Years. "The company's road from rising tech power to bankruptcy illustrates the perils of growing too fast. Risher, who joined the company in November 2000 as chief financial officer, said Lason's prior management team spent roughly \$450 million in cash and \$220 million in stock to acquire 76 companies in four years. The

buying spree loaded Lason with about \$320 million in debt, causing a flurry of troubles over the past several years.”(Cheryl Meyer, “Buying binge, faulty books drove Lason into bankruptcy,” *Daily Deal*,12/7/01)

Lason’s Disastrous Acquisitions Strategy Began While GTCR Was The Controlling Shareholder. “The company’s historical strength is as a printing company for automakers and companies who needed a company to print paychecks, bills and statements. Lason acquired eight companies before 1996, and Monroe estimates the company has purchased 50 more since.” (Brent Snavely, “Lason’s buying binge sends company into stock free fall,” *Crain’s Detroit Business*, 7/3/00)

Rauner Served On Lason’s Board Of Directors For Nearly The Entire Period Of The Company’s Buying Binge.

GTCR Profited From Lason While Shareholders Lost Everything

Ordinary Shareholders Were Wiped Out By The Lason Bankruptcy. “The company will cancel its current stock, now trading under LSONQ over the counter on pink sheets at 3 cents per share, and issue 30 million new shares of common stock with the majority, 26.25 million, going to the remaining creditors. Current shareholders will get nothing.” (Jeff Bennett, “Judge Approves Rescue Plan for Troy, Mich.-Based Tech Firm Lason,” *Detroit Free Press*, 5/1/02)

One Shareholder Reported Losing \$50,000 He Had Saved For His Daughter’s College Tuition. “David Norman feels a little vindicated today, knowing the men who may have had a hand in making his \$ 50,000 investment disappear have been charged for their involvement in the downfall of Lason Inc. Norman, 41, of Romulus bought shares of the Troy-based company’s stock through his 401(k) plan in 2000. He thought he was getting in on the ground floor, even though the stock was trading at \$ 2 after hitting a high of \$ 64.94 in 1999...As for Norman, he would like the chance to show Monroe and Messinger the red ink splashed across his portfolio. “I have a daughter who is 2 1/2, and I was going to use the money to send her to the University of Michigan, but who knows now if she will be able to go,” he said. “I am afraid to invest anymore because we have been burned. What company is going to do it to us next?”” (Jeff Bennett, “Troy, Mich., High-Tech Firm Shareholders Take Solace in Executive Indictments,” *Detroit Free Press*, 5/16/03)

GTCR Purchased A Controlling Interest In Lason For \$10 Million In 1995. “GTCR Fund IV and the Company entered into a Purchase Agreement dated January 17, 1995 (the “GTCR Purchase Agreement”) pursuant to which GTCR Fund IV purchased 1,000,002 shares of the Company’s Class B Common Stock for an aggregate purchase price of \$10 million.(SEC Form S-1, Lason Holdings Inc, 8/8/96)

When Lason Was Taken Public, The Company Purchased Part Of GTCR’s

Stock For \$11.7 Million. “Approximately \$11.7 million of the net proceeds from the sale by the Company of the Common Stock offered hereby will be used to redeem a portion of the Common Stock owned by GTCR Fund IV. (SEC Form S-1, Lason Holdings Inc, 8/8/96)

After Taking Lason Public, GTCR Gradually Sold Off Its Remaining Lason Stock.

In April Of 1997, GTCR Owned 2,500,002 Shares Of Lason Stock, 27.4% Of The Company. (SEC Form DEF 14-A, Lason Holdings Inc, 4/18/97)

In April of 1998, GTCR Owned 755,959 Shares Of Lason Stock, 6.4% Of The Company. (SEC Form DEF 14-A, Lason Holdings Inc, 4/28/98)

As Of December 31, 1998, GTCR Owned Only 36,959 Shares Of Lason Stock, 0.2% Of The Company. (SEC Form SC 13-G, GolderThomaGresseyRaunerInc, 2/12/99)

Lason’s Stock Price Peaked At \$64.94/Share In February of 1999, Shortly After Lason Had Finished Selling Off Its Shares. “Lason went public in 1996. Its stock price rose to \$64.94 in February 1999 as it acquired dozens of companies.” (Brent Snavelly, “Lason accounting inquiry complicates lawsuit,” *Crain’s Detroit Business*, 4/2/01)

On December 17, 1999, A Month After Rauner Resigned From Lason’s Board Of Directors, Lason Announced That It Would Restructure Itself And Miss Earning Projections, Causing Stock Prices To Plummet By Over 50% In A Single Day. “In October and November, Lason’s stock began to slide, despite a positive earnings release on Oct. 27. Bruce Rauner, a principal of GTCR, resigned from the board on Nov. 12...[On December 17th] Lason announced a restructuring plan, warned analysts that it would miss earnings projections, said revenue would be lower than expected, and said it might spin off an e-commerce division. The stock price plummeted from \$23.31 to \$11.43, and a raft of law firms filed lawsuits on behalf of shareholders. (Brent Snavelly, “Lason’s buying binge sends company into stock free fall,” *Crain’s Detroit Business*, 7/3/00)

A *Crain’s Detroit Business* Editorial Suggested That GTCR May Have Been Partially To Blame For Lason’s Downfall, And Noted That GTCR Had Divested Itself Before The Stock Price Collapsed. “Leadership and oversight likely will be key issues in the shareholder suit. Some blame may eventually rest with a Chicago-based investment fund, GTCR GolderRauner L.L.C., that invested in Lason in 1995, helped take it public in 1996 and completely divested itself of stock and oversight by 1999, before the sharpest price drop.” (“Lason’s Warning Signs,” *Crain’s Detroit Business*, 8/14/00)