ABCs of Private Equity

AFR
EF

Americans for
Financial Reform
Education Fund

Americans for Financial Reform Education Fund

Americans for Financial Reform Education Fund (AFREF) is a nonpartisan, nonprofit coalition of more than 200 civil rights, community-based, consumer, labor, business, investor, faith-based and civic groups, along with individual experts.

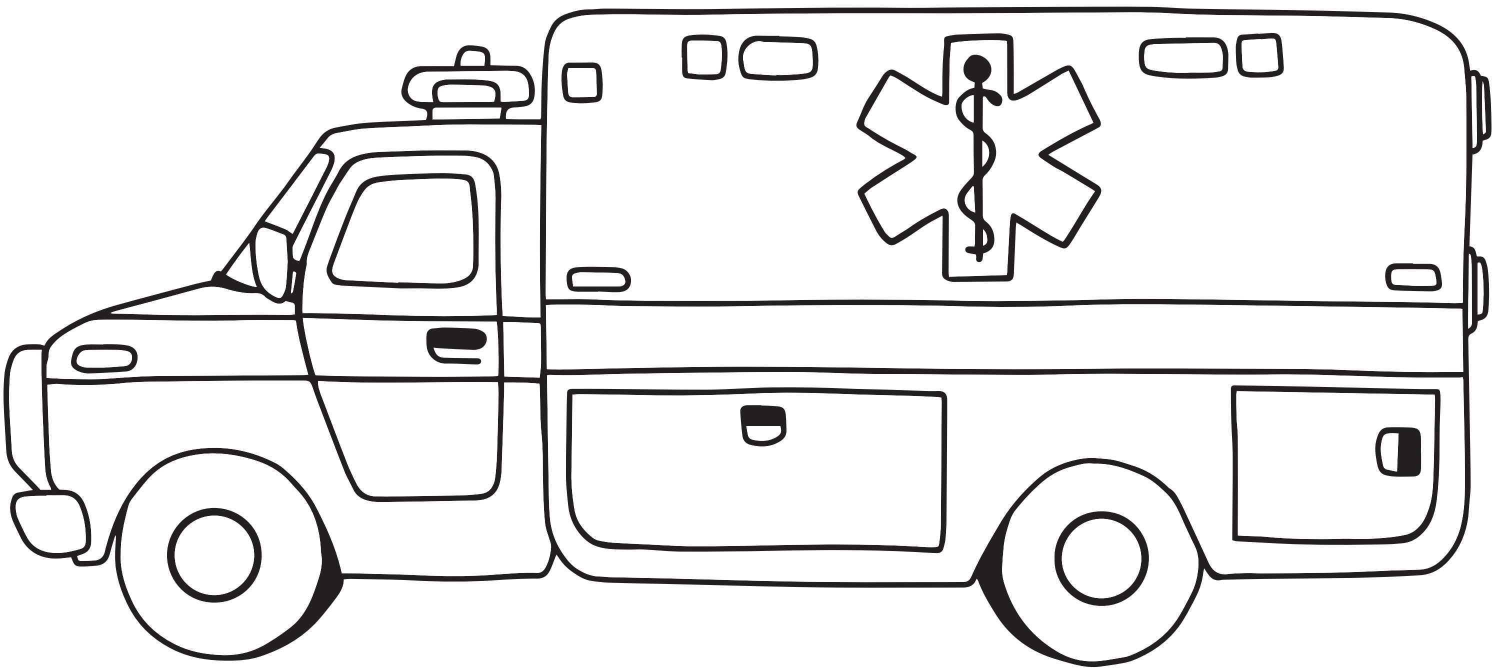
Our mission is to fight to create a financial system that deconstructs systemic racism and inequality and promotes a just and sustainable economy.

Follow AFREF at www.ourfinancialsecurity.org and on Twitter @RealBankReform.

Acknowledgments

Written and conceived by Oscar Valdes Viera. Designed and illustrated by Kim Girton. Additional research support by Stephanie Apollon.

A is for Ambulance



Private equity (PE) firms own fleets of ambulances that unexpectedly bill high fees just to take you to the hospital. Before the practice of surprise billing was reined in by Congress in 2022, ground ambulance trips cost patients up to $129 million annually.

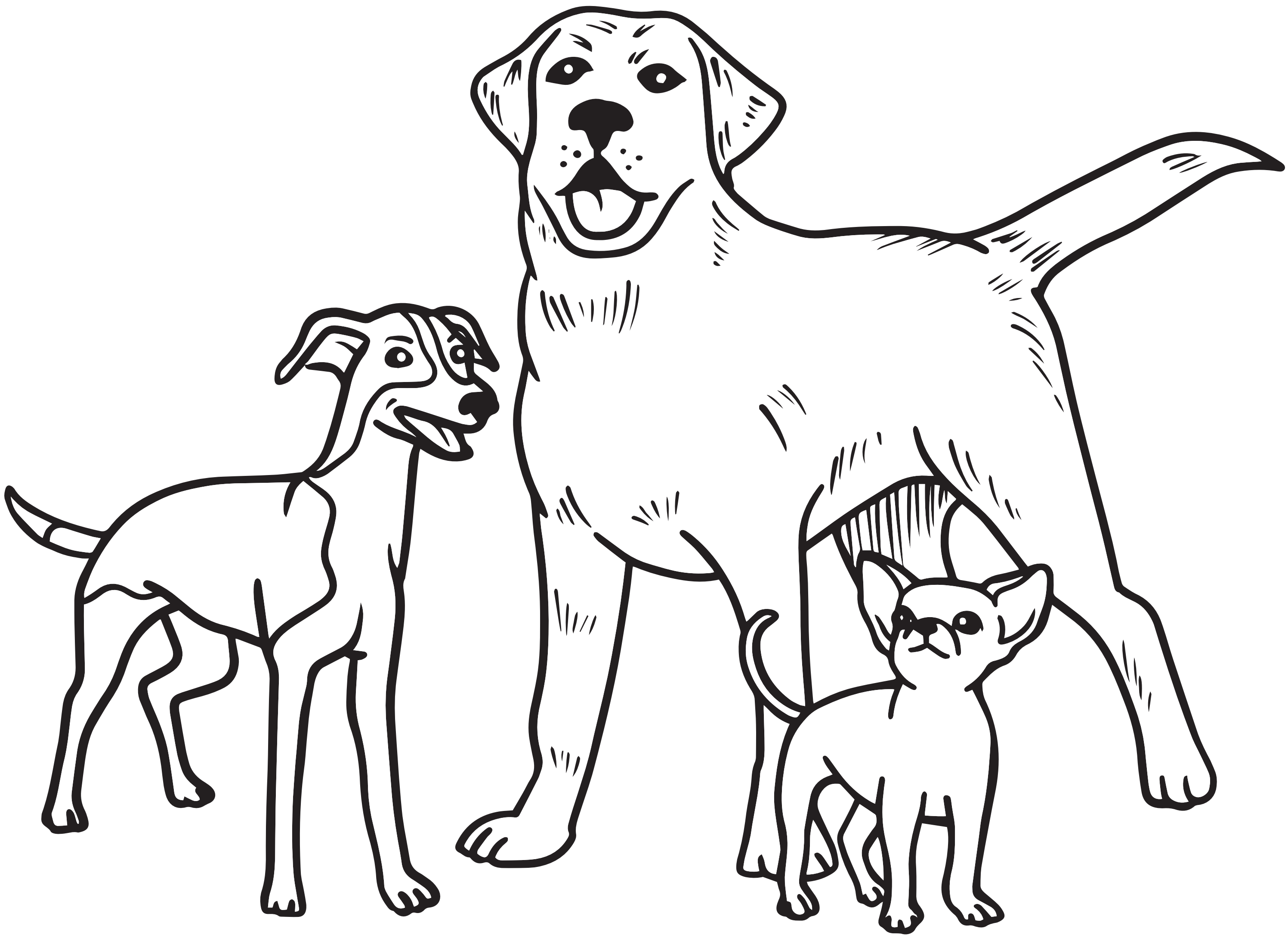
B is for Beauty

PE firms own major chains offering beauty and spa services like Amazing Lash, Massage Envy, Waxing the City, and jewelry and accessories chain Claire's — all of which generate profits by promoting unrealistic body images that encourage repeated trips to the salon and spa.

C is for Crafts

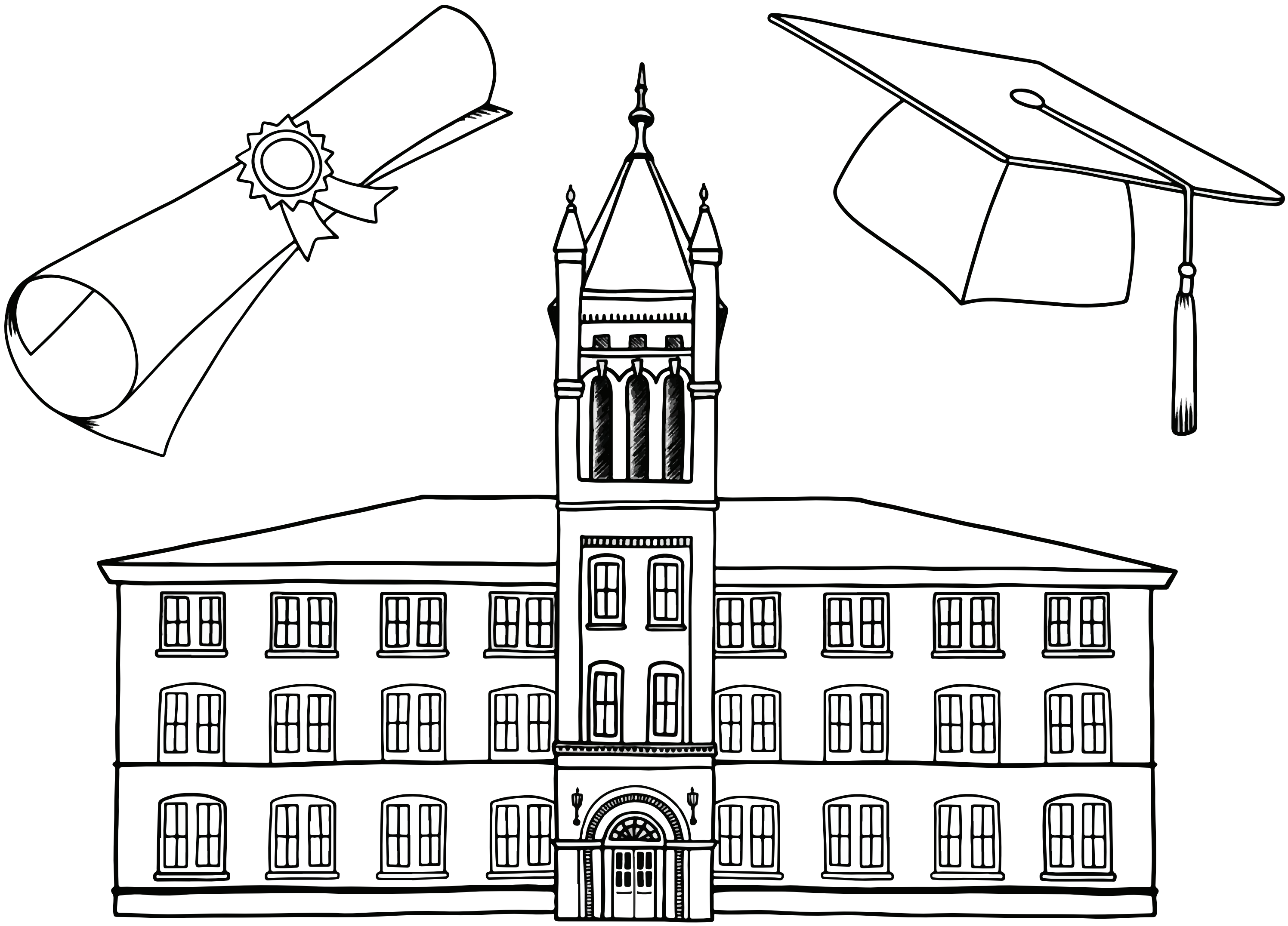
Crafters in the United States spend over $40 billion annually on supplies, and much of the scrapbook, fabric, and other craft supply sales are made by PE-owned chains like Michaels and JoAnn Fabrics.

D is for Dog



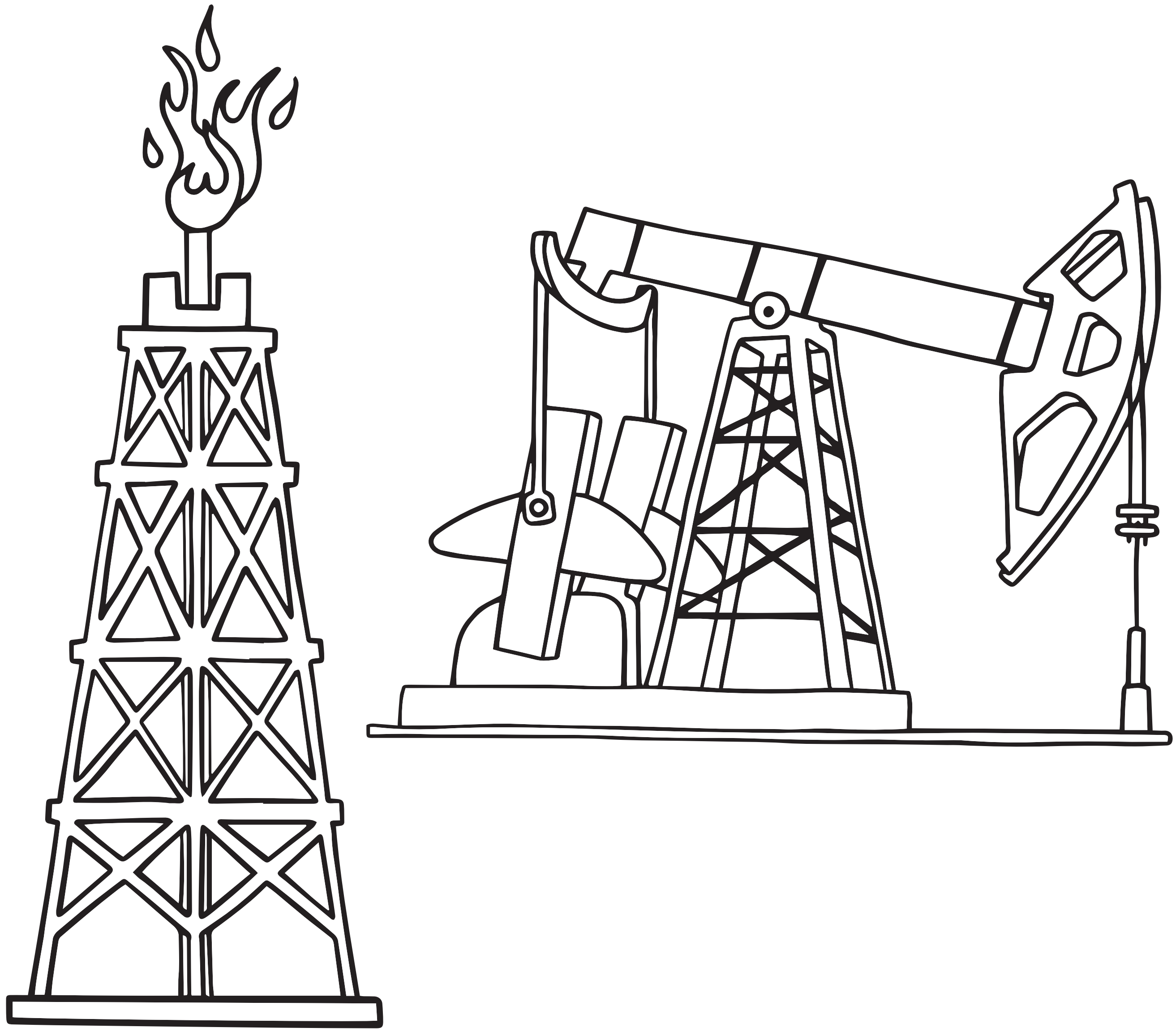
PE firms own pet retailers PetCo and PetSmart, where workers and pets have faced harsh conditions and ill treatment — especially during the pandemic.
The PE industry has also bought up hundreds of veterinary clinics, where they profit by charging excessively high prices for pet healthcare.

E is for Education



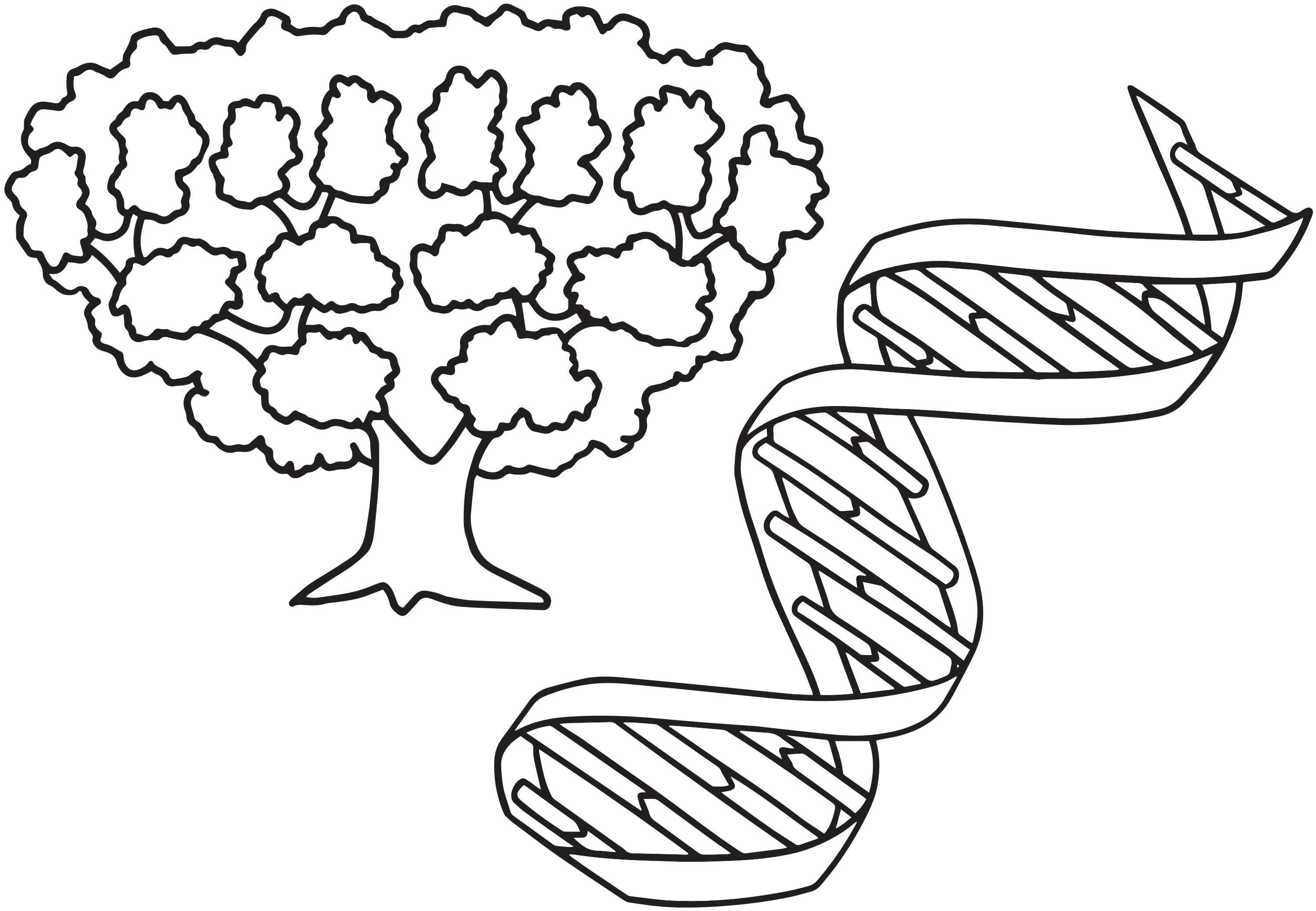
PE firms have helped fuel the for-profit college boom, buying over 100 schools including University of Phoenix, The Art Institute, and more. They increase profits by slashing expenditures on teaching and using that money to recruit new students, who can end up trapped in debt without the education they sought. PE takeovers have lowered already low graduation rates and job prospects.

F is for Fossil Fuels



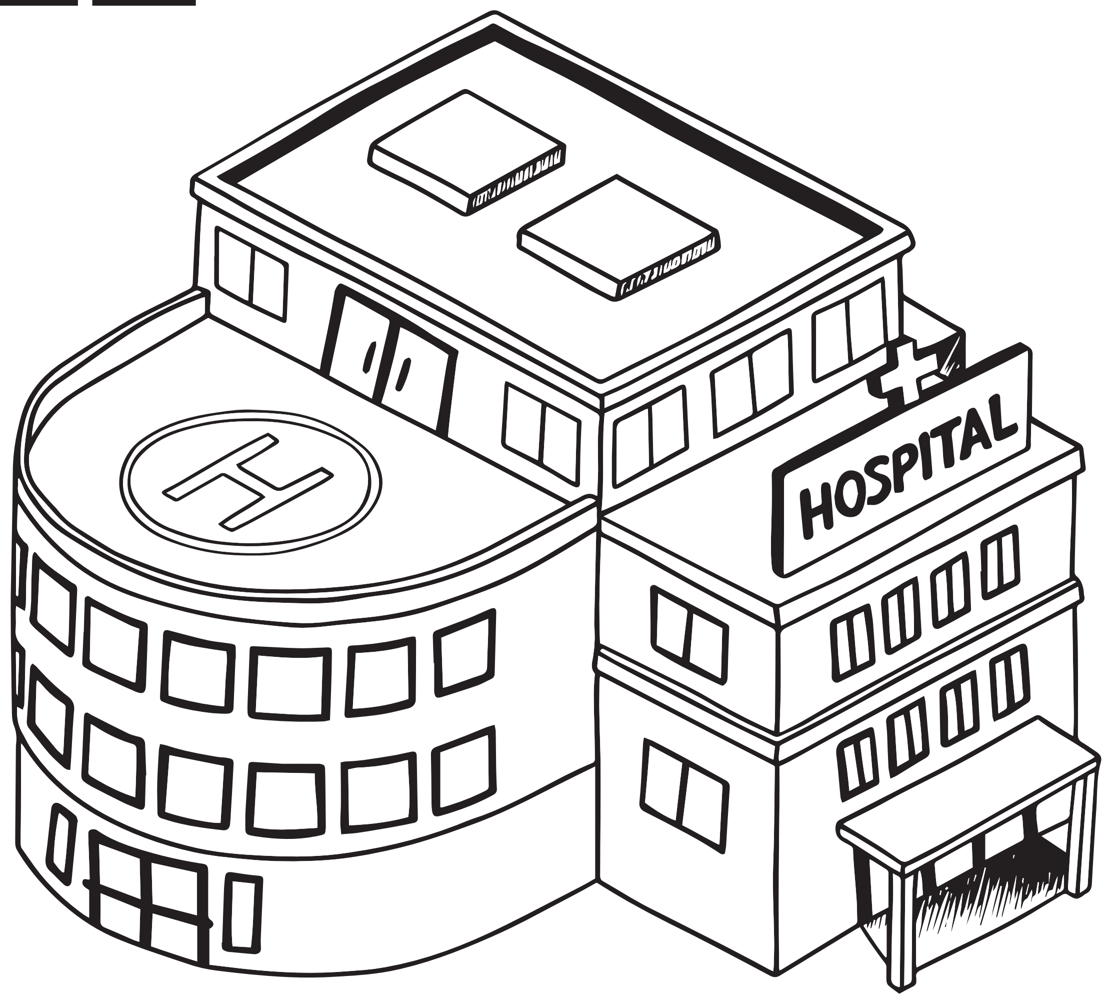
PE has become a major investor in climate destroying fossil fuels, from wellhead to wall socket. PE-owned frackers, offshore oil rigs, power plants, pipelines, refineries, and plastics factories spew carbon and dangerous pollutants into the air, endangering the health of residents nearby — predominantly communities of color.

G is for Genealogy



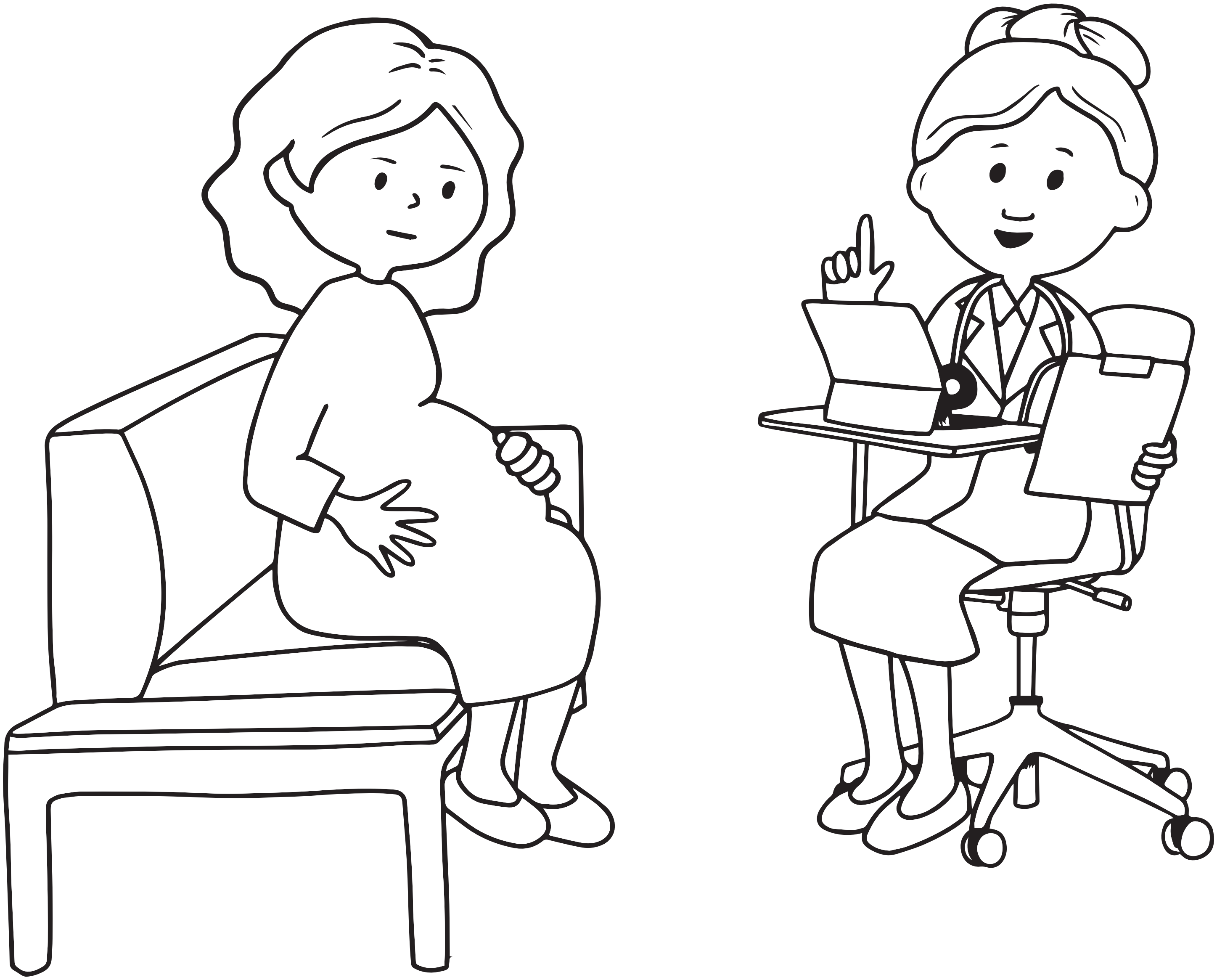
PE giant Blackstone bought Ancestry.com for $4.7 billion in 2020 — the latest in a string of PE firms holding the family trees and even genetic information for millions of people. PE firms controlling the privacy and security of this DNA and personal information gives them frightening power.

H is for Hospital



PE firms have bought scores of hospitals and physician practices, often shuttering rural and community facilities or cutting staff. PE-owned Envision Healthcare staffed emergency rooms in over 540 facilities in 45 states before going bankrupt once it could no longer rely on the predatory practice of “surprise billing” patients. And in 2019, a PE firm shut down a 170-year-old Philadelphia safety net hospital serving a Black and Latinx neighborhood. They fired 2,500 workers, then sold the hospital’s valuable center city real estate to developers.

I is for IVF & Women's Health

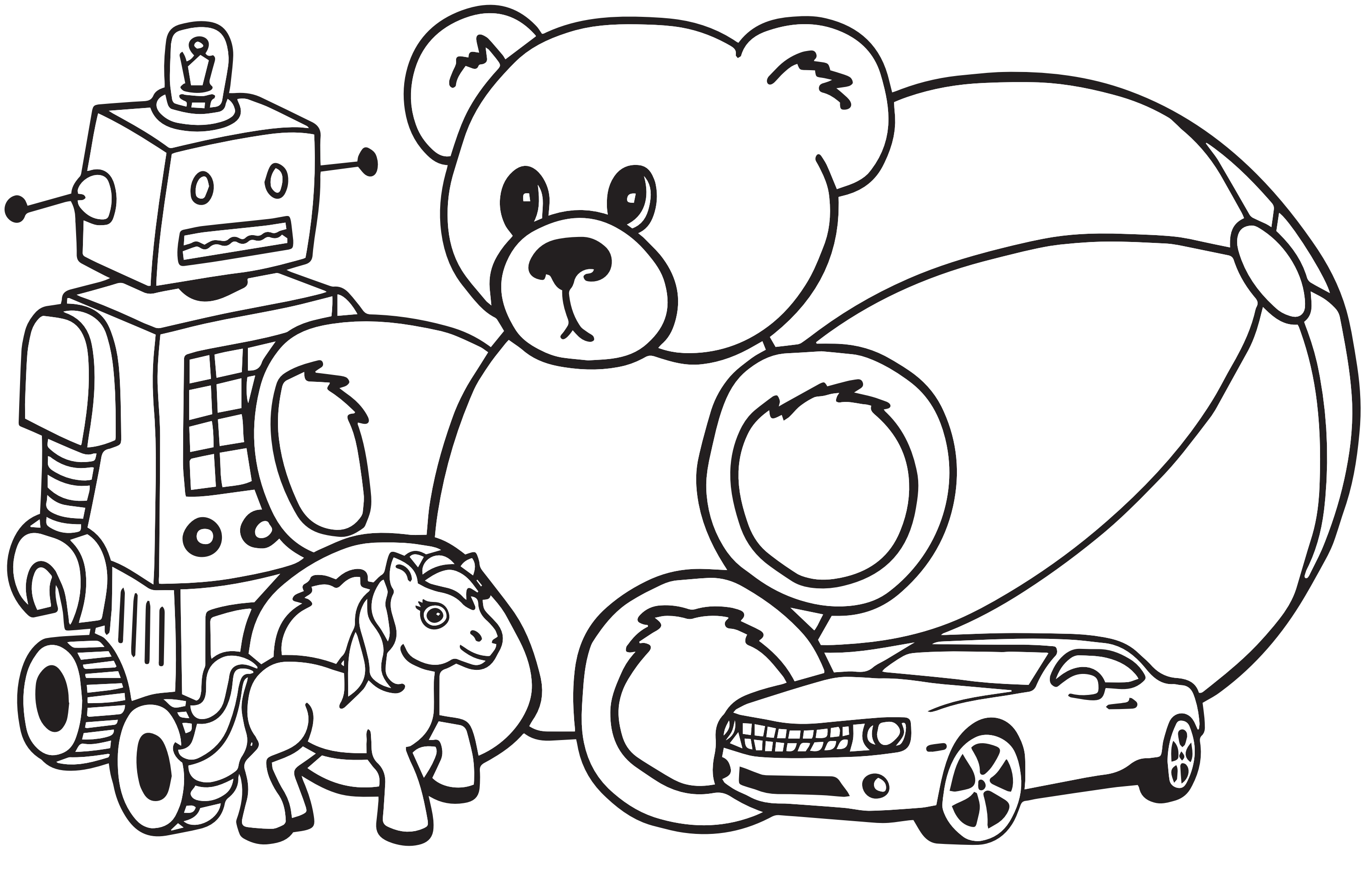


PE firms have bought up hundreds of medical practices, including those focused on women's health and fertility. PE firms can generate huge profits from people trying to conceive — services that are very expensive and often not covered by insurance, allowing PE firms to jack up prices.

J is for Journalism

PE firms have bought hundreds of newspapers where they slashed staff, reduced local coverage, and shut down smaller and rural papers. Gannet, which owns titles like USA Today, Des Moines Register, Arizona Republic, and hundreds more, has been held by several private equity firms (Leonard Green & Partners, Fortress Investment Group) in the past, and one of its largest mergers to date was financed by PE giant Apollo. The loss of independent newspapers has diminished political accountability and voter participation.

K is for Kids & Child Care

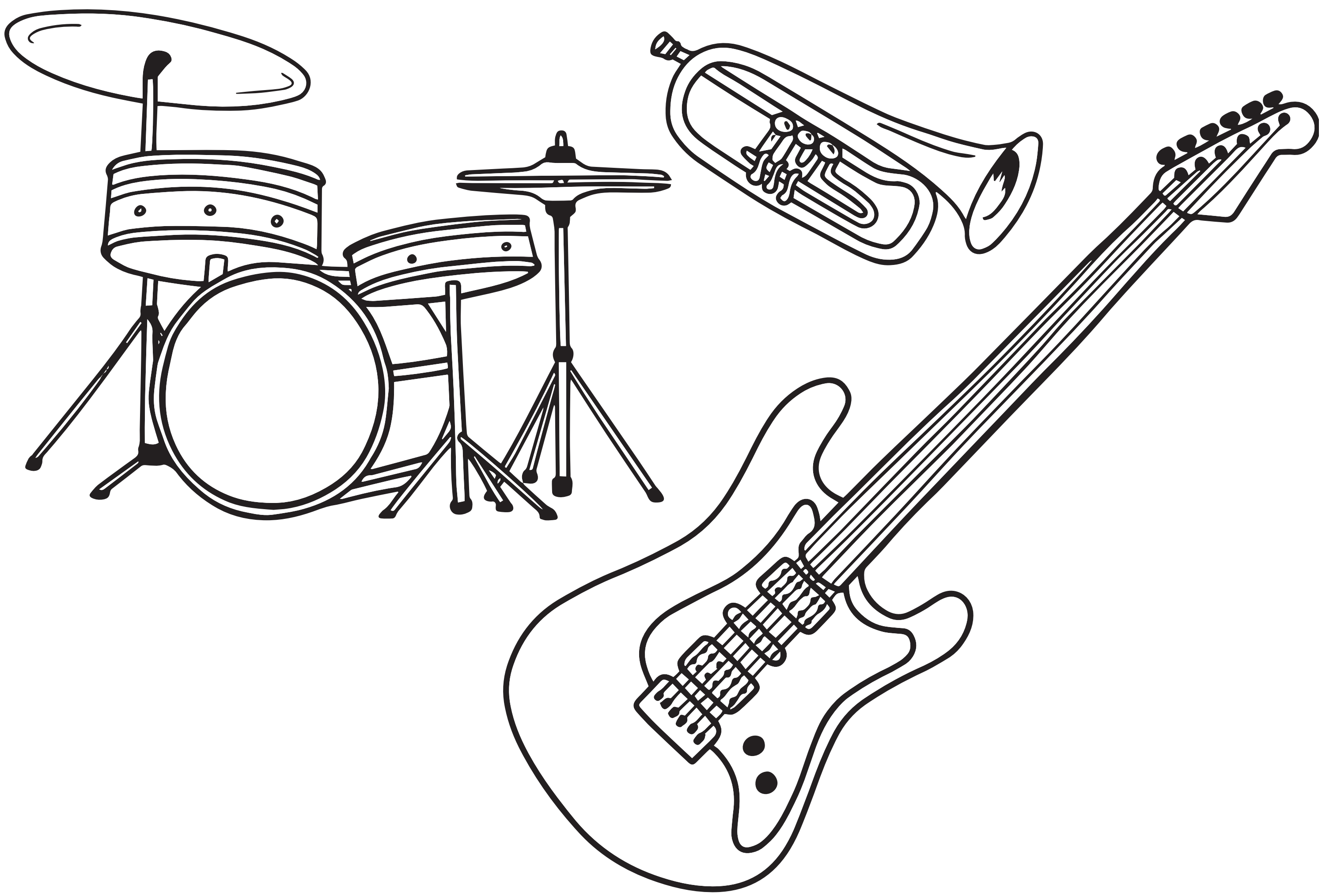


PE firms are profiting off childhood and the necessity of childcare. Bain Capital and KKR's takeover and looting of Toys "R" Us destroyed 27,000 retail jobs and a beloved chain of toy stores. Bain also drove Gymboree into bankruptcy. Other PE firms have profited from owning childcare chains, like KKR's takeover of the KinderCare company.

L is for Landlord

The PE industry has become a dominant corporate landlord, owning more than 1.3 million single-family rental homes, apartment units, and mobile home lots. The PE firms generate profits by raising rents, charging excessive fees, skimping on upkeep, and aggressively suing and evicting tenants.

M is for Music



The PE industry even owns the music we listen to. Various PE firms have owned or still own the Gibson and Fender guitar manufacturers, the bankrupt music store Guitar Center, and have bought up the song catalogs of Taylor Swift, Shakira, and Neil Young.

N is for Nursing Homes

PE has taken over hundreds of nursing homes, putting the lives of vulnerable residents in jeopardy. Studies have repeatedly found that PE-owned nursing homes have lower staffing levels, more violations of health standards, lower quality levels of care, and worse health outcomes for residents — including about 20,000 excess deaths over a decade.

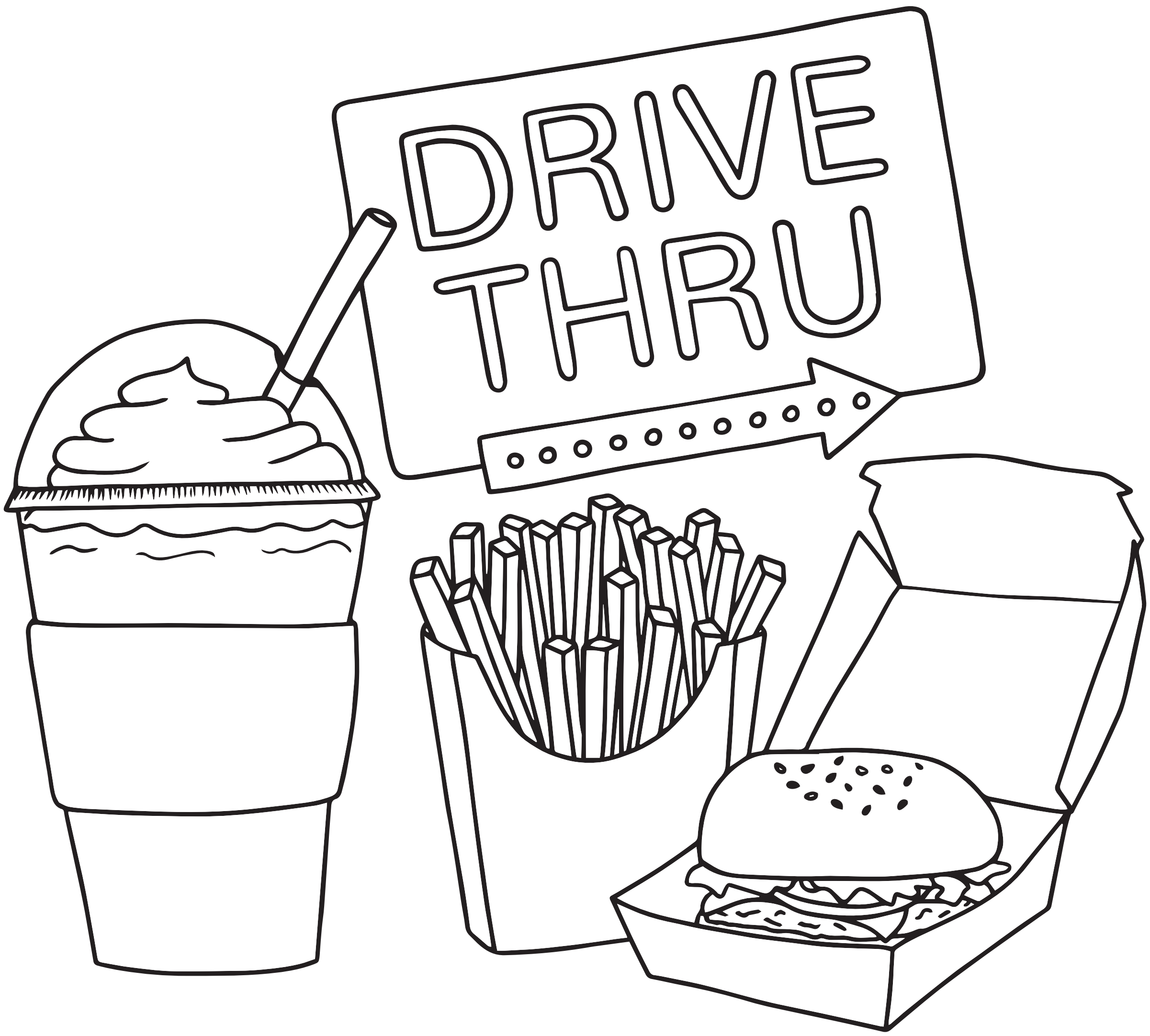
O is for Opioids

PE firms have bought addiction treatment facilities — including those treating opioid recovery — as well as other mental and behavioral health clinics, hospitals, and practices. These PE firms are siphoning profits from providing critical care to people struggling with substance abuse, eating disorders, and other serious mental health conditions.

P is for Prison

PE firms profit from the racial oppression of the prison industrial complex by owning private prisons, immigration detention facilities, prison phone services, correctional health care companies, and more. These firms extract profits from people who are incarcerated and their families in multiple ways, including gouging them on phone costs to stay in contact with loved ones, and charging high fees for electronic monitoring.

Q is for Quickserve Restaurants & Fast Food



The PE industry has bought scores of fast food chains like Arby's, Bojangles, Checkers/Rally's, Dunkin', and Sonic. Roark Capital — which owns Jimmy John's, Sonic, Dunkin', and more — has boasted about helping block laws to increase the federal minimum wage to $15 per hour.

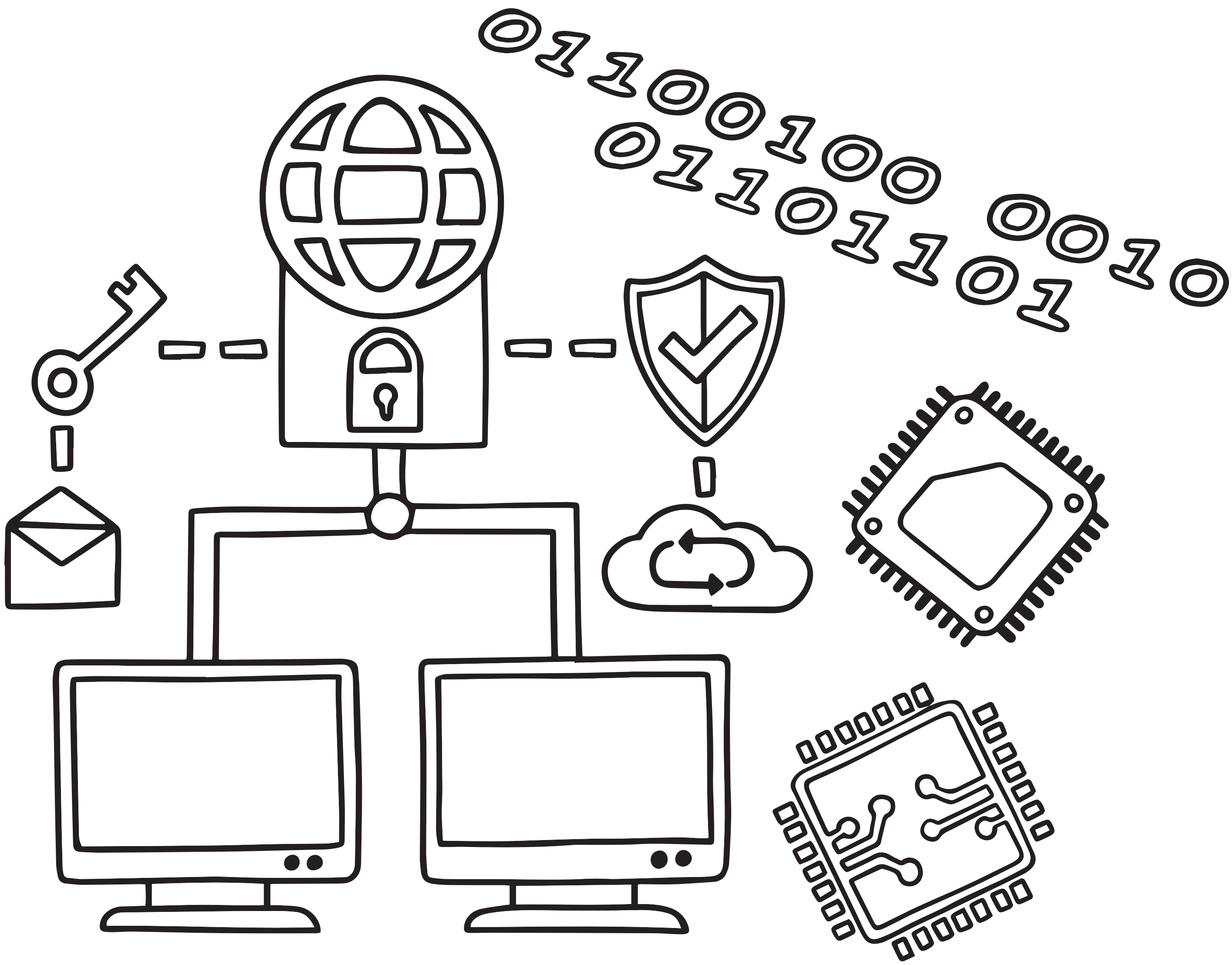
R is for Retail

PE-imposed debt and looting has been the driving force in retail bankruptcies, causing more than half of the retail chain closures from the beginning of 2015 to February 2020. Retail bankruptcies and store closures eliminated more than half a million jobs before the COVID-19 pandemic — jobs that were held primarily by women of color. PE firms also destroyed chains like Payless Shoes, ShopKo, Mervyn's, Sports Authority, and more.

S is for Supermarkets

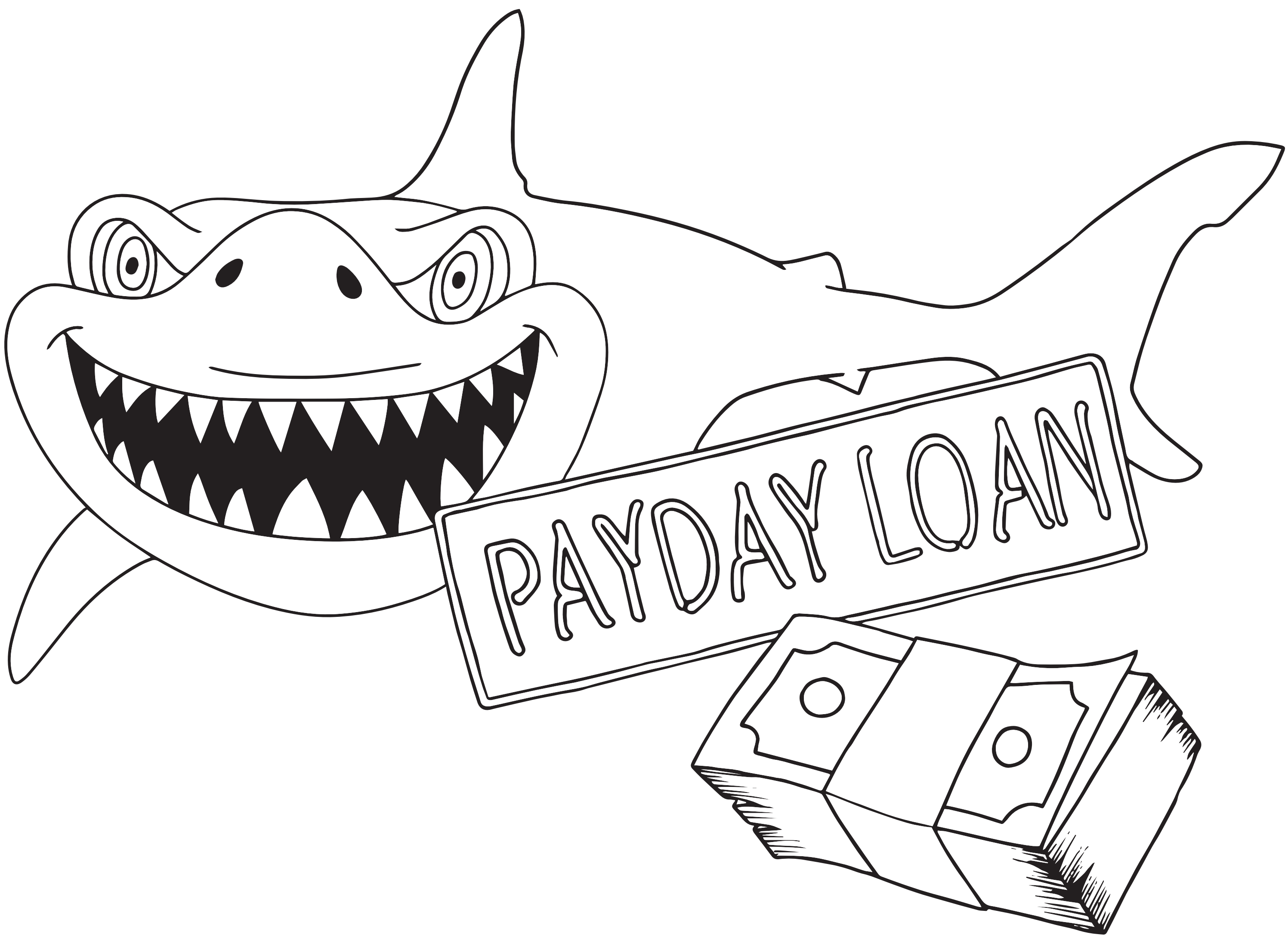
PE's retail rampage has destroyed grocery chains like A&P, Marsh, and Fairway, while PE ownership has also caused the closure of supermarkets in the Southeastern Grocers, Fresh Market, Earth Fare, and Gelson's chains, costing over 57,000 jobs. The PE owners of Albertson's paid themselves a four billion dollar dividend as part of an attempt to merge with grocery chain Kroger, even as they slash benefits for workers.

T is for Technology



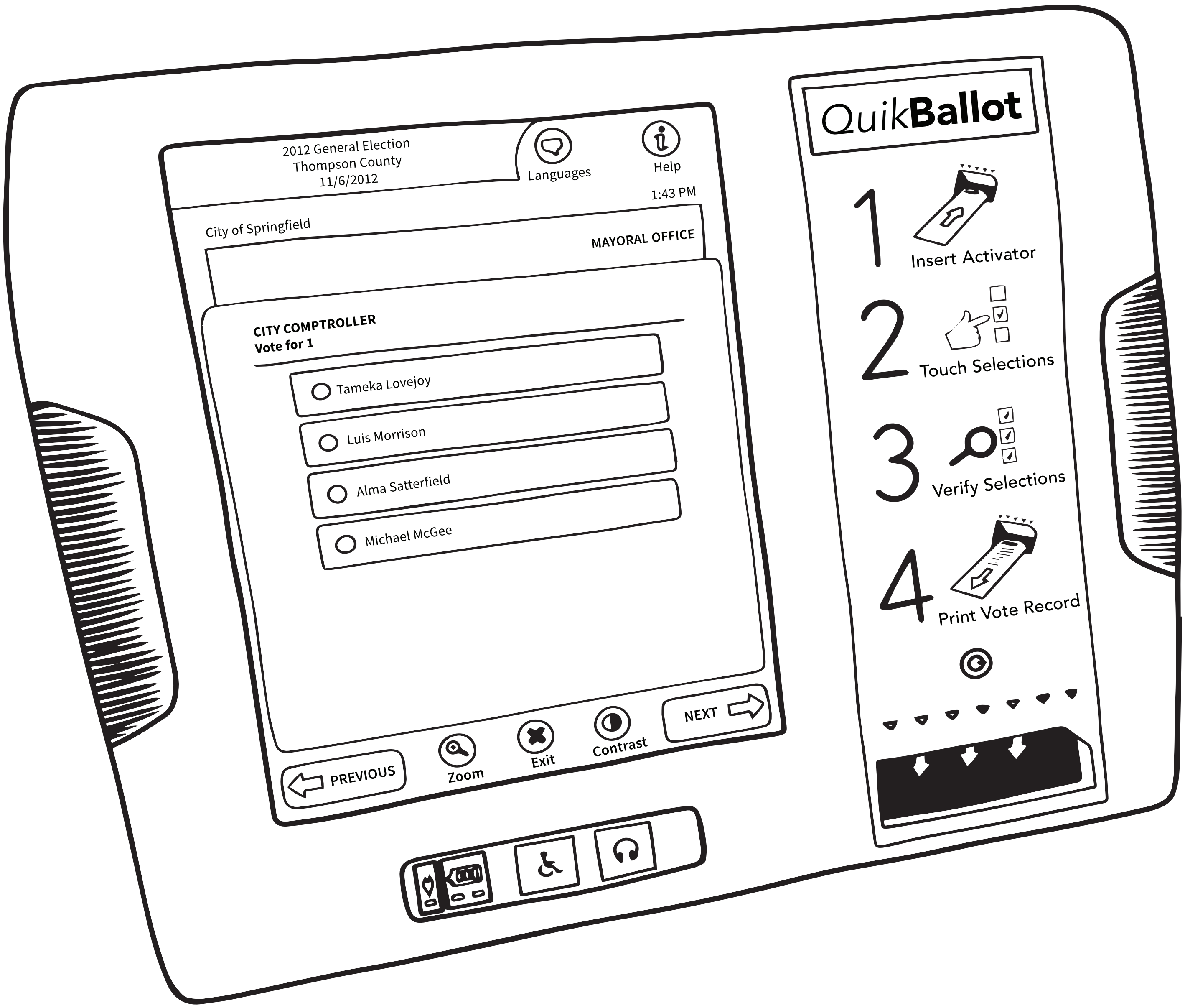
PE firms are pouring money into technology, hoping to raise prices and cut costs. This profiteering has already contributed to a damaging cyberattack against Solar Winds — owned by PE firm Thoma Bravo — which exposed major corporate and government networks. PE firms also control the popular McAfee security software company, as well as Sophos, another prominent player in the data security field.

U is for Usury



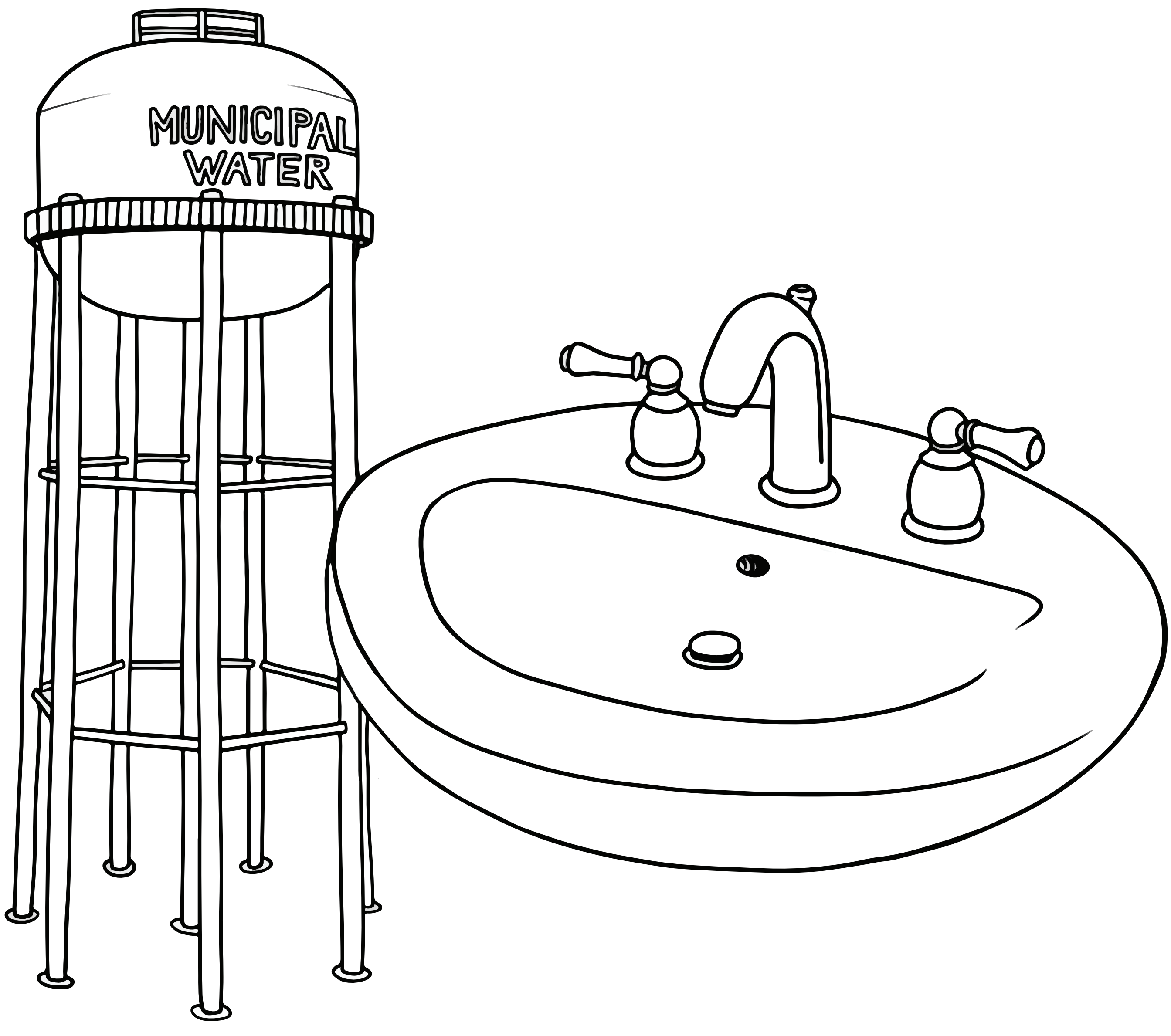
PE firms push high-priced consumer loans from storefront payday lenders like ACE Cash Express, as well as through emerging fintech lenders that charge high interest rates. Black and Latinx families are twice as likely to be trapped in the payday loan cycle of debt, which costs borrowers $8 billion annually.

V is for Voting



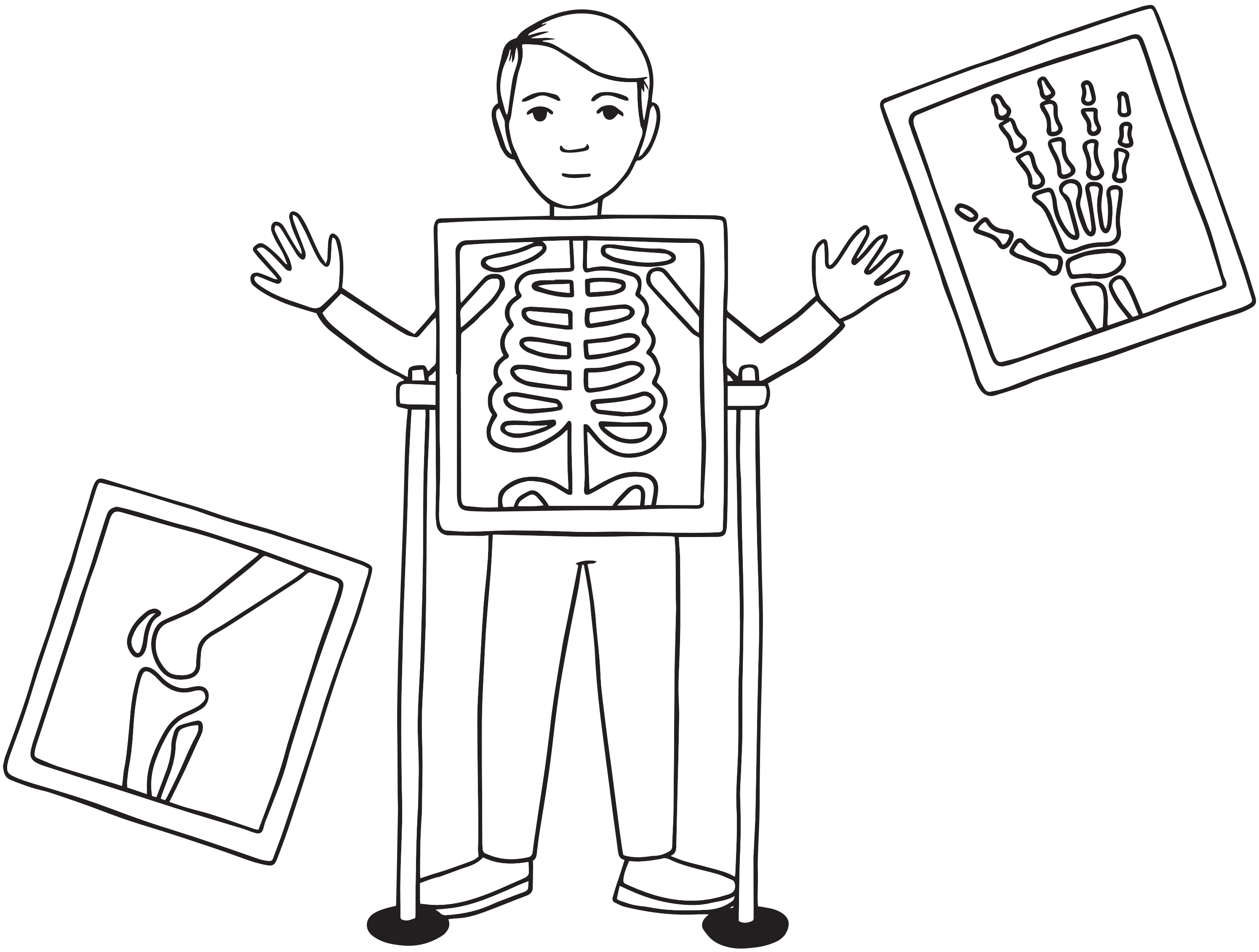
PE is counting your vote. PE-owned companies like Election Systems & Software and Hart InterCivic are major providers of voting machines nationwide, and election software services in recent election battleground states like Georgia and Michigan have been owned and operated by PE firms.

W is for Water



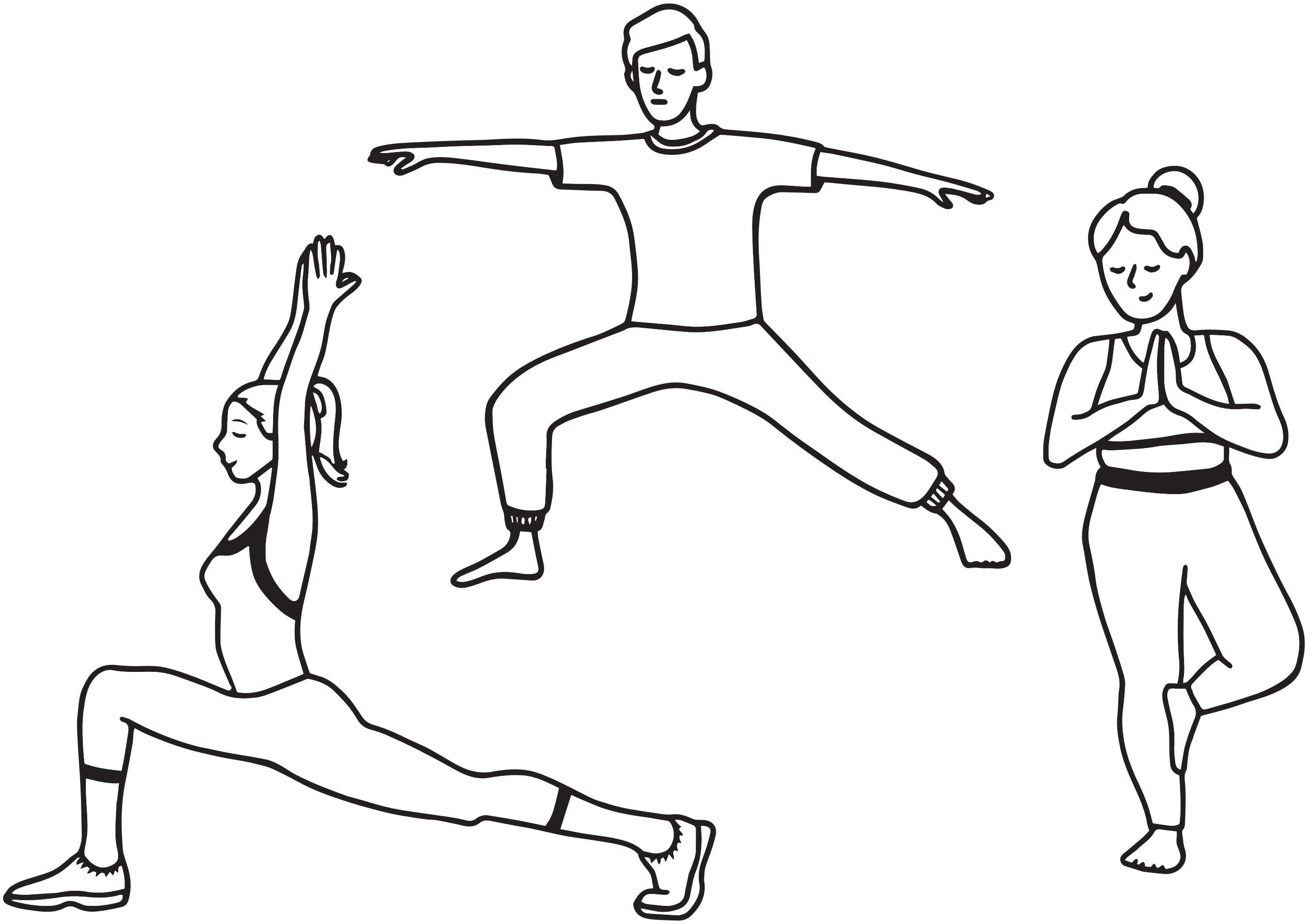
PE firms are pushing water privatization efforts to take over public water systems and turn a profit. Rate hikes and cost cutting by these firms mean less reliable water at higher prices. Municipalities are promised investments in their water systems, but residents often end up footing increasingly large water bills while water service reliability declines.

X is for X-Rays



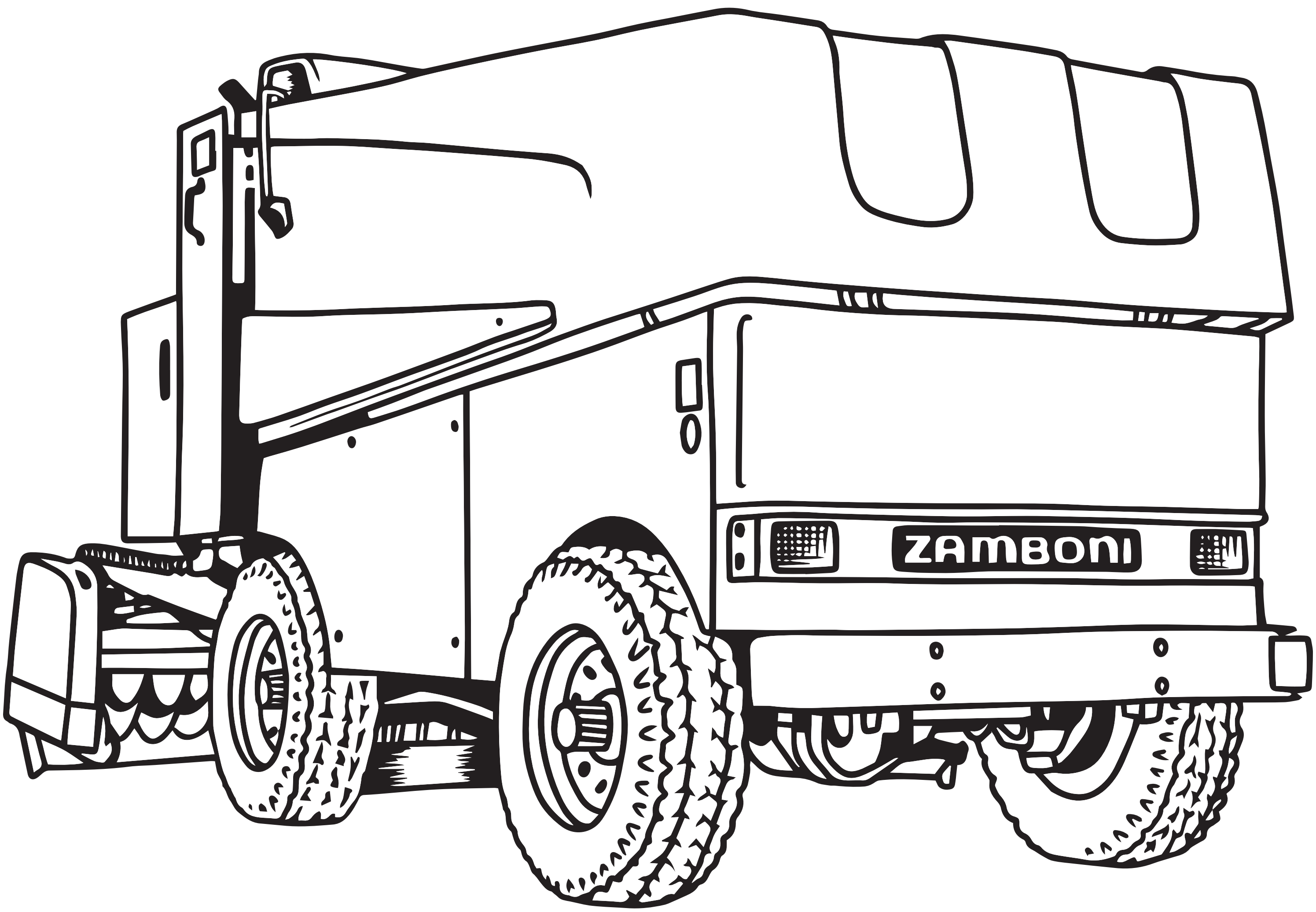
PE has rolled up a raft of medical specialty practices including in radiology, emergency medicine, dermatology, and more. Emergency room visits are particularly susceptible to exploitative financial practices — after all, families cannot forgo necessary emergency care.

Y is for Yoga



PE firms own a host of fitness and gym chains like Anytime Fitness, Cyclebar, Orange Theory Fitness, and Crossfit — all of which threaten the survival of independent, local gyms and generate millions of dollars in monthly membership fees — regardless of whether or not you use their facilities.

Z is for Zamboni



PE is buying up local sports teams down to the Zamboni drivers, possibly raising ticket prices and trading your favorite players. PE firms have bought stakes in hockey teams, basketball teams like the San Antonio Spurs and Golden State Warriors, and one PE firm is currently poised to buy a fleet of minor league baseball teams.