

# FRALO PLASTECH

Syracuse, New York

**F**ralo Plastech Manufacturing, LLC is an early-stage company established to manufacture plastic (HDPE) septic tanks and related parts. The company is based in a large industrial complex in Syracuse, NY in a former General Motors parts plant.

Fralo is a technology-based company selling an essential, basic product into a large regional market that is in the early stages of converting from concrete (and steel) to plastic as the manufacturing material of choice. Fralo adopted a German blow-molding technology to establish itself as the market leader, with the best product, utilizing a production process that it controls via a license on a nationwide basis. NMTCs enabled Fralo to attract \$6 million in affordable capital to finance the acquisition of the world's largest plastic blow-molding machine, the centerpiece of its manufacturing operations located in a New York State Empire Zone in an otherwise idle part of a large industrial complex that was previously utilized as a factory.

Fralo Plastech produces a product that helps protect the environment in a facility that is itself also environmentally friendly. Fralo's facility is a zero-emissions manufacturing plant that uses primarily recycled plastic materials in its consumer products. Fralo has also created 50 new well-paying jobs at its new facility and has been able to hire its new employees from the some of the most economically disadvantaged parts of the local community.

In April of 2007, Fralo Plastech was purchased by Roth Global Plastics, Inc., a 100% subsidiary of Roth Industries North America, Inc. and sister company of Roth Industries, Inc, a company known for its focus on environmentally friendly technologies. The manufacturing and administrative facilities have remained in Syracuse, NY, which now serves as the main headquarters of Roth Global Plastics, Inc. Following the sale, Roth retained all Fralo sales management and manufacturer reps in the field.

The private equity investment in the early-stage manufacturing company used

#### Qualifying Features

- New York State Empire Zone

\$6.2 million of NMTC capacity as start-up capital. This deal closed December 29, 2004.

#### Key Benefits

- Reuse of former facility
- Participation in New York State Empire Zone
- Creates estimated 75+ new jobs associated with septic tank manufacturing and distribution
- Employment of immigrant (primarily Somali) labor
- Product prevents pollution
- Product surpasses competitive products in environmental integrity
- Use recycled plastic resins
- Zero-discharge manufacturing facility

## CEI CAPITAL MANAGEMENT LLC

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