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Yucaipa Launches New Partnership To Target U.S. Hispanics

By Jonathan Shieber

Billionaire investor Ron Burkle and his Yucaipa Companies are launching a new partnership to back companies targeting the large and growing Hispanic community in the U.S.

Alongside the Miami-based consulting, merchant banking, and private equity firm Garcia Trujillo Holdings LLC, Yucaipa plans to back companies that have Hispanic management teams, are targeting the Hispanic market, or are Central and South American companies looking to enter the U.S.

Founded in 2010, Garcia Trujillo has rallied leading Hispanic business figures around chairman Solomon Trujillo, the former Chief Executive of the Australian telecommunications company Telstra Corp, and Charles P. Garcia, a motivational speaker and the founder and Chief Executive of the financial services firm Sterling Financial Group, which targeted Hispanic customers.

Garcia Trujillo shareholders include Nina Vaca, chairman of the U.S. Hispanic Chamber of Commerce, Alejandro Silva, CEO of Evans Food Group Ltd., the largest pork-rind company in the world, and the founders of the national electricity retailer Liberty Power, David Hernandez and Alberto Daire.

While Trujillo probably won't look back so fondly on his time in Oz he is returning to the U.S. at a time when investors and businesses are spending more time courting – and buying – companies focused on the Hispanic market.

In recent years Latin American investors have been heading North for deals and some big brands have been buying businesses that primarily market to Hispanic customers.

Most recently J.M. Smucker Co. paid \$360 million for more than just a cup of coffee when it bought the Café Bustelo and Café Pilon coffee business of Rowland Coffee Roasters in May 2011 and Sara Lee Corp. is selling its North American bakery business to the Mexican company Grupo Bimbo SAB. Last year Burger King went Brazilian when the hedge fund 3G took over the burger chain in a \$4 billion buyout.

For Burkle and Yucaipa, the idea is to catch make some of the same magic it generated from its partnership with former LA Lakers star and current entrepreneur Earvin “Magic” Johnson.

Together Yucaipa and Magic Johnson Enterprises manage the over \$500 million Yucaipa Johnson Corporate Initiatives Growth Fund. Burkle is probably hoping that Garcia Trujillo can have a similar vibe.

(An earlier version of this post contained an incorrect price for J.M. Smucker Co.'s acquisition of the Café Bustelo and Café Pilon coffee business.)