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## WASHINGTON BUSINESS JOURNAL

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# Industry veterans launch fund for federal contractors

Washington Business Journal - by [Jonathan O'Connell](#) Staff Reporter

Two veterans of Northern Virginia's defense industry have raised a \$20 million private equity fund focused on small and middle-market service and technology companies.

The fund, **FedCap Partners** LLC, will be managed in Reston by the husband-and-wife team of Rick Knop, co-founder and former principal of the **Windsor Group**, and Leslee Belluchie, a former executive at **SI International Inc.**, now part of **Serco Inc.**

Although private equity has long backed large defense contractors, FedCap will offer cash and strategic guidance to companies that have \$20 million to \$50 million in annual sales and are trying to expand beyond the opportunities reserved for small businesses.

"We want to partner with owners of small to middle-market companies and, in many cases, be a minority investor where we can help them get through an inflection point," Knop said. "Typically when they are \$20 [million] to \$50 million in revenue they need to completely redo their infrastructure. They're getting out of the small business set-aside world."

Knop is a veteran of hundreds of mergers and acquisitions from his days as an investment banker at the Windsor Group and **BB&T Capital Markets**, which acquired Windsor in 2005. Belluchie was chief marketing officer and executive vice president of SI International.

The two met a few years back at a conference and married a year ago. They have set up a five-person office in Reston Town Center.

Knop said they set out to raise \$30 million, a goal he believes will be reached in two to three months. Investors, including the seven members of FedCap's advisory board, are people who have managed and owned contracting companies and have experience at senior levels of the federal government.

"If you looked at all of our investors, they are very similar to the advisory board," Knop said. "Our whole investment base is made up of people of that caliber."

Board members, he said, will be closely involved in helping portfolio companies.

"They're prepared to sit on boards of directors of companies, serve as mentors and actively engage with companies," Knop said. "We want to be real true partners with the owners of these companies. We want to be completely aligned."

Additional funds could come from institutional investors with their own contracting or federal connections. Knop said he is in discussions with multiple institutions and may raise the ceiling for the first fund.

Knop has found some investment prospects for FedCap partners.

"We probably already have 20 or 35 companies that have been referred to us, so we are beginning to take a serious look," he said, without elaborating.

Other private equity companies are also working with local defense contractors.

McLean-based **CoVant Technologies** LLC, for instance, bought security and weapons-detection training company **A-T Solutions Inc.** with equity and debt in 2008. With the CoVant CEO at the wheel, last year A-T made two acquisitions that have widely expanded the security company's customer base.

Knop and Belluchie hope to tailor a somewhat similar model for the middle market. John Allen, Knop's former partner who co-leads BB&T Capital's defense and government services group, called the defense services market "an outstanding environment for private equity."

"The bottom line is I think there are a number of small and midsized businesses that have long been underserved by the private equity market and will benefit greatly from having greater access to private capital," Allen said.

Getting companies that have relied on small business set-asides to excel as larger companies will not be easy, said Bob Dinkel, president and chief operating officer of FedResults, a Herndon technology and consulting firm for contractors.

"It's definitely a space that has a certain amount of quicksand because as much as a company can have a niche with a particular agency it can go away in a switch," he said.

**Big-name board**

This is FedCap Partners' board of advisers, who are also investors.

n Walter Batson Jr. is the co-founder, chairman and CEO of Camber Corp., a technology company acquired in late 2008 by New York private equity firm New Mountain Capital.

n Linda Berdine founded G&B Solutions Inc. in 2001 to provide management consulting to senior government executives. The company was acquired by VSE Corp. in 2008. She was the first woman chief information officer for the U.S. House of Representatives.

n Denis Berube is the chief operating officer and co-founder of Lau Technologies, a systems integration company in the military and intelligence fields. He has developed and sold three private companies and one public company, Viisage Technology.

n Gordon England is the president of E6 Partners LLC, which specializes in international business. England previously served as deputy secretary of defense, secretary of the Navy and the first deputy secretary of the Department of Homeland Security. Earlier, he was president of General Dynamics Fort Worth Aircraft Co.

n Robert A. Harding recently sold Harding Security Associates Inc., a small business that provides intelligence support. Harding's service in the Army included director for operations at the Defense Intelligence Agency and deputy intelligence chief.

n Christopher Meyers is the chairman and CEO of CJM Investments Corp., which invests in early-stage technology companies.

Previously, he was with Carlyle Venture Partners.

n Russell Ramsey is chairman and CEO of Ramsey Asset Management. A co-founder of Friedman, Billings, Ramsey Group Inc., he was president and co-CEO until 2001. Ramsey also is chairman of the board of trustees of The George Washington University.

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