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BlackRock Unit Gets Approval to Take Russia-Linked Firm's Stake in Cybersecurity Company; In an unusual deal, Cfius allowed a private-equity firm with some Russian backing to transfer its stake in Cofense, but retain a financial interest

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A national-security panel that oversees foreign investment in U.S. businesses approved the transfer of a stake in cybersecurity company Cofense Inc. from a Russia-linked private-equity firm to funds managed by BlackRock Inc.

People familiar with the matter said the Committee on Foreign Investment in the U.S., known as Cfius, gave its approval to the deal on Monday.

The clearance removed one of the final obstacles in a protracted sale process that began last year, and concluded an unusual showdown between Cfius and Pamplona Capital Management, a private-equity firm with ties to Russians including the businessman Mikhail Fridman.

Cfius ordered Pamplona to sell its minority stake in Cofense after officials [raised national-security concerns](#) about the amount of foreign money invested with Pamplona, given the sensitive nature of Cofense's business. Cofense said Wednesday that BlackRock funds had taken over Pamplona's stake. No financial terms were disclosed.

Under the terms of the deal, no money will change hands now, The Wall Street Journal previously reported. Pamplona will retain a residual financial interest in the company and will be paid if shares in Cofense are sold in the future, according to people with knowledge of the deal.

The deal is designed to strip Pamplona's foreign backers of any ability to influence Cofense or gain access to sensitive information held by the company, the people familiar with the matter said.

Cofense, based in Leesburg, Va., simulates and detects cyberattacks transmitted via email, and counts U.S. corporations among its customers.

BlackRock increased the existing Cofense stake held in funds run by its Private Equity Partners arm. The unit joined with Pamplona and other investors to buy Cofense in a deal announced February 2018.

Letting Pamplona retain a financial interest in Cofense after ordering it to sell marks a "unique if not unprecedented" move by Cfius, according to Brian Fleming, a trade and national security lawyer at Miller & Chevalier.

Usually, foreign investors have been required to sell their entire stakes in companies so that they lose access to what Cfius has deemed to be critical technology or information that could damage the U.S.

Mr. Fleming stressed that he didn't know the particulars of the Cofense deal, but said he believed "the only way Cfius would sign off on a deal in which Pamplona has an economic interest is if all control goes away and all access to inside information goes away."

Late last year, Cfius told Pamplona and Cofense to find a buyer for Pamplona's stake and set a July 19 deadline for a sale. After a convoluted bidding process, the deadline passed without an agreement, and Cfius warned Cofense and Pamplona that they would face fines until finding a buyer. The BlackRock unit and Pamplona finally reached an agreement last week after their earlier talks fell through.

Cofense was valued at around \$400 million last year. Recent bids valued the company at substantially less, the people said.

Pamplona was founded in 2005 by Alexander Knaster, the former chief executive of Russian bank Alfa Bank. Wealthy Russians who have invested in Pamplona funds include Mr. Fridman, who made his fortune in Russia's retail, energy and telecommunications sectors.

A spokesman for Mr. Fridman has previously told the Journal that Mr. Fridman understood Cfius to be concerned about the general level of foreign money in Pamplona, and not specifically with Mr. Fridman's involvement.

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