

**Written Testimony before the
U.S. House of Representatives, Committee on Financial Services**

**Hearing on
“America for Sale? An Examination of the Practices of Private Funds”**

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Thank you Chairwoman Waters for inviting me to speak today. I’m honored to be here. My name is Giovanna de La Rosa and I’m from Chula Vista, CA. I am a daughter, a single mother of a 15-year-old son with autism, and a former Toys 'R' Us employee for 20 years before private equity firms drove it to bankruptcy. I’m here today as a leader with United for Respect to speak on behalf of the 1.3 million¹ workers who have lost their jobs to private equity. United for Respect is a multiracial movement of retail workers advancing a vision of an economy where corporate and financial players respect our work and recognize our humanity. I joined this movement to fight for Wall Street accountability after losing my job at Toys ‘R’ Us.

I started working at a Toys ‘R’ Us store in Chula Vista, my hometown in the San Diego metropolitan area, on July 28, 1998. I was 18 years old. What started as a summer job became a 20-year career. I put myself through college working at Toys ‘R’ Us. I met my then husband at Toys ‘R’ Us, and my son is a true Toys ‘R’ Us kid. My coworkers became my second family over the years. I worked my way up through the ranks, starting as a part-time hourly associate, then as a supervisor and eventually became an assistant store manager. I helped to set up and open our Babies ‘R’ Us. Toys ‘R’ Us wasn’t just a job for me. I grew up in that store. It was a huge part of my life.

If you’d only been to a Toys ‘R’ Us store in the company’s final few years, you might have a hard time understanding this. But Toys ‘R’ Us was different back then. Even though it was already a household brand and had locations nation-wide, it still felt like a family-run toys store. I loved working at Toys ‘R’ Us, especially around this time of the year. I loved bringing joy to families and to children. We knew our customers and their kids because they were regulars. I watched so many of the local kids grow up over the years while shopping in our store. Toys ‘R’ Us was a special place for all of us. I was proud to work for a company that cared about its employees and treated us like family.

In 2005 Toys ‘R’ Us was acquired by 2 private equity firms, KKR and Bain Capital, and a real estate investment trust, Vornado, in a \$6.6 billion leveraged buyout. Like most people, I didn’t

¹ <https://united4respect.org/pirateequity/>

know what private equity or leveraged buyout were back then. I thought these new wealthy Wall Street owners were coming in to make our companies and operations work better. But they were actually making things worse.

After the buyout, our old company culture was thrown out the window. They got rid of things like holiday pay, staff Christmas parties, and birthday gifts that made it special working at Toys 'R' Us. They immediately cut staff, and kept cutting over time. Full-time positions started getting eliminated, and then health benefits for part-time employees were taken away. But we had to keep it together as a team with limited resources. One of our managers resorted to paying people under the table in cash because these private equity firms made it impossible to run the stores with enough people. We were told to get more done with less hours and half the staff it took to meet our goals. Many of our part-time employees were parents trying to make ends meet, and I would get in trouble because I was letting them work more hours than we were supposed to.

And then everything fell apart. My life changed last spring when news hit that Toys 'R' Us stores would shut down nationwide and lay off over 30,000 of us without a dime of severance pay, despite our years of dedication to the company.² I was completely devastated when I heard about our store closing. I was on a conference call with the CEO Dave Brandon who said we have our jobs for just 60 more days. And then I had to walk on the store floor and tell my coworkers who had been there for 35 years they were losing their jobs.

I started having breakdowns and panic attacks at home and work, and I'd have to find a corner to pull it together for my team and for my son. It was hard to imagine how I was going to make rent or afford healthcare for us.

I closed down my Toys 'R' Us store, and I lost the only job I've ever had for 20 years. I went from someone who worked 6 days a week to not having anything to do. Shortly after my store closed, my son came down with bronchitis, and after a trip to urgent care and four prescriptions later, I spent all of my rent money that month. I would stay up all night thinking about my bills. I was depressed and couldn't leave my couch. I would sometimes drive by our empty store, sit in the parking lot and cry. I wasn't able to be there for my son and it caused him so much anguish and distress. How could I tell my special needs child that someone on Wall Street made a series of decisions that turned our lives upside down?

I couldn't find a job despite having 20 years of experience in retail and having been an assistant store manager. I only found a seasonal job last month after a year and a half of looking.

I now know what a leveraged buyout is. KKR, Bain Capital, and Vornado bought out Toys 'R' Us for the price tag of \$6.6 billion, but used \$5 billion of debt to finance the deal, and Toys 'R'

² <https://money.cnn.com/2018/03/14/news/companies/toys-r-us-closing-stores/index.html>

Us alone was liable to pay it all back. Every year, Toys 'R' Us paid hundreds of millions of dollars to service the debt, then doled out more to pay the private equity owners management fees and interests.

Toys 'R' Us had a decades-long severance policy: a week of pay for every year of service to the company. But when our company liquidated, the employees were left with nothing. We sacrificed so much for the company. We gave up holidays, Thanksgiving meals with our families, school plays, and our kids' birthdays, to work in the stores. We worked through illness and injuries to achieve higher and higher company goals. I lost 2 pregnancies due to overwork and stress. I have a torn rotator cuff and 2 herniated discs in my neck from an injury on the job. My coworkers and I were left with nothing while the executives and private equity owners walked away with millions. I remember hearing later that Toys 'R' Us paid \$470 million in fees to private equity owners over the years. That would be enough to pay over \$14,000 in severance to each employee who lost their job.³

Unfortunately my story is just one of 33,000 that had their livelihoods taken away when Toys 'R' Us liquidated. It's not right that working moms like me work so hard and count every dollar to take care of our families while these private equity firms get to walk away with all of our money.

So this is why I got involved in the fight to hold private equity accountable. I joined United for Respect, and thousands of other Toys 'R' Us workers, to demand justice and severance pay. We told our stories everywhere, from Congress to pension fund meetings to the press. It's painful to relive our struggles over and over again. But we did it because no one pays attention to the little people unless we make some noise.

And because of our organizing work, KKR and Bain finally started talking to us and set up a historic \$20 million fund for Toys 'R' Us employees impacted by the liquidation. The money helped a little, but it wasn't enough and it didn't help us get back the financial security we had when we were working. Many, including myself, continue to struggle to get back on our feet to this day. There are women like Debbie Mizen in Youngstown, OH and Madelyn Garcia in Miami Beach, FL, who struggled to find sustainable employment after giving more than 30 years of their lives to Toys 'R' Us and taking care of the employees in their stores. Ann Marie Reinhart Smith in Durham, NC and Maryjane Williams in Waco, TX who started their Toys 'R' Us careers decades ago on Long Island as mothers with young children, were left with medical debt because they lost health insurance for themselves and their spouses. I met other mothers who worked hard to raise their families on their own like me: Brandy Mendoza in Fontana and Sad'e Davis in Van Nuys, CA; Madilyn Muniz and other incredible women in her Bronx, NY store; and Michelle Perez in Vancouver, WA who struggles to pay for insulin for her 3-year-old son. There were thousands of young people working at Toys 'R' Us like Tyler Dziendziel in

³ https://ourfinancialsecurity.org/wp-content/uploads/2018/05/Toys-R-Us-2-pager_AFR-letterhead-1.pdf

Southgate and Teria Berry-Moore in Ypsilanti, MI, who lost a steady source of income and have to juggle multiple jobs to support themselves⁴.

Toys 'R' Us is making a comeback and the new owners reached out to ask us to be a part of a “mirror board.” This “mirror board” is made up of 3 former Toys 'R' Us employees, including me, to help guide the new company. I'm excited about this partnership and for the chance to bring Toys 'R' Us back into the lives of kids and families.

Over the past year and a half, I've learned that Toys 'R' Us workers aren't the only ones who went through this buyout hell. People working in other retailers are also going through the nightmare of seeing private equity firms or hedge funds put their stores out of business. I met employees from Gymboree, Sears, Payless, and ShopKo and they all had the same story as me. And they knew the names of the Wall Street firms that made them lose their jobs: ESL Investments, Alden Global Capital, Sun Capital and many more.

We are part of the 1.3 million people whose jobs were destroyed by private equity and hedge funds. Since 2012, 10 of the 14 largest retail bankruptcies were companies owned or controlled by private equity or hedge funds⁵. Retail job loss is growing, and 9,100 stores are closing in 2019⁶ almost doubling 2018's count. Behind every job loss number is someone with kids, parents, grandparents, who also lost their financial security.

I read recently that the private equity industry claims to support millions of jobs. I want to share my experience with you today so that you can hear it direct from us: Buying up our companies with debt is not “supporting” our employment. “Increasing productivity” is a euphemism for eliminating positions and benefits and making us do more with less. Toys 'R' Us was steadily generating \$11 billion in sales every year, and might not have been in bankruptcy if it wasn't for the \$5 billion debt and other exploitative maneuvers that sucked value and assets out of our company⁷. I might still be working at my store if Toys 'R' Us spent \$400 million every year on improving our e-commerce infrastructure rather than paying down interest on the debt. When private equity and hedge funds take control over our retail companies, they are not concerned with the long-term health and sustainability of the businesses. Their goal is to maximize short-term profits, and this has worked very well for themselves. But their riches come at the expense of long-term financial security of working families like mine. Our local communities are the ones that have to bear the burden of dealing with the aftermath of empty malls and shopping centers.

⁴ See Appendix I for more stories of the men and women that lost their jobs

⁵ <https://united4respect.org/pirateequity/>

⁶ <https://www.businessinsider.com/stores-closing-in-2019-list-2019-3>

⁷ <https://www.theatlantic.com/magazine/archive/2018/07/toys-r-us-bankruptcy-private-equity/561758/>

We need real, deep change like the Stop Wall Street Looting Act. The last time I was in D.C. was to help introduce the bill with our amazing partners at American for Financial Reform, Center for Popular Democracy and in Congress. I believe that this bill can protect jobs by regulating private equity so they can't make money by putting people out of work. And now our fight has caught the public's attention because more and more people, from retail workers to nurses to grocery store workers are speaking out.

I almost couldn't make it today, due to my mother's serious medical procedure - she had a mastectomy. But as soon as I realized that she was taken care of and safe by the doctors, she made sure that I came here, because I'm here not for myself but for her and for all the other Toys 'R' Us, Sears, Kmart, Shopko, Payless and Gymboree family members out there. I want you all to really hear your constituents- those of us who have lost our jobs due to private equity, and the toll it takes on us financially and emotionally. The economy isn't thriving when so many of us are losing our jobs and forced into early retirement or underemployment. You all have a chance to pass this bill and put stronger laws in place that protect millions of working people like me. We're counting on you to do the right thing and we're waiting to see which side you're on- working people or Wall Street billionaires.

Thank you.

APPENDIX I

Jenny Allen (Tacoma, WA)

Originally from Queens, NY, Jenny Allen served in the military for six years, and her family eventually settled in Tacoma. After separating from her husband, Jenny has been raising her two daughters while working at Payless as a store manager. She often worked opening and closing shifts, and would go home after her children had already gone to sleep. After her Payless store closed, Jenny was unemployed for several months before finding employment at a warehouse, but she's taking home less than what she made before and lives paycheck to paycheck.

Teria Berry-Moore (Ypsilanti, MI)

Teria Berry-Moore was supporting herself through college while working in retail, first at JCPenney then at Toys 'R' Us. She was not able to afford her tuition and had to put a pause on finishing her degree, and had worked at Toys 'R' Us for 2 years before her store closed down last year. She has since been juggling 2 or 3 jobs to make ends meet, and works through illnesses because she doesn't have health insurance and can't get a doctor's note. Teria can't afford the cost of getting a driver's license, and she walks by her old Toys 'R' Us store everyday from work.

Sheila Brewer (Rockford, IL)

Sheila Brewer remembers when she used to get her birthday and holidays off at the local Kmart where she worked, before ESL Investments took over control of the company. Then raises were frozen in 2005 and benefits changed, and it was never the same. Sheila worked for 17 years at Kmart, and as a full-time employee was supposed to receive 8-weeks of severance after she helped close down the company. Her severance payment stopped when Sears filed for Chapter 11 bankruptcy protection in the following month. Sheila never received the rest of her severance.

Rebecca Cady (Louisville, KY)

Rebecca Cady loved working at Payless for most of the 21 years at the company. She worked her way up from a part time associate to multi-store leader until her last store closed in May 2019. She was devastated and felt like she lost her family members, after spending more than half her life with the company. In the end Rebecca only got 4 days worth of severance, even though she had been promised 12 weeks.

Sad'e Davis (Van Nuys, CA)

Sad'e Davis had worked at Toys 'R' Us for 4 years when her store closed down. She was already juggling multiple jobs to support her daughters, her mother and grandmother, and her Toys 'R' Us job provided not only a steady income but also the opportunity to work at night so she can go to other jobs during the day. Sad'e found a second family in her Toys 'R' Us coworkers, many of whom worked at the same store for 20 years.

Tyler Dziendziel (Southgate, MI)

Tyler Dziendziel has been supporting himself ever since graduating from high school. He was working at Babies 'R' Us for 3 years when his store closed down, and saw many of his former coworkers struggle financially after giving decades to the company. As a part-time employee, Tyler had been piecing together an income from three jobs to cover his basic living expenses, and losing his job at Toys 'R' Us was a big blow to his income.

Madelyn Garcia (Boynton Beach, FL)

Madelyn Garcia is from Boynton Beach and worked at Toys R Us for 30 years until her store closed in June 2018. Madelyn started as a part-time associate and raised her daughters on her own while working long hours and during holidays at her store. She worked her way through the ranks and became a store manager, and helped to open 3 stores in Florida. Madelyn lost her mother and her job in the same week, and struggled through months-long unemployment. She is now working as a store manager at Dollar Tree, but the understaffing at her store causes her to work long hours and suffer from injuries at work.

Shania Hoadley (Sidney, MT)

There were 2 Shopko stores in Sidney, MT, and Shania Hoadley had been working as a cashier at one of them for 3 years when Shopko announced it was closing all stores. It has been an emotional and stressful period since Shania lost her job, and she is dipping into the little savings she put aside to cover her bills. Jobs are hard to come by in her small town of 6,000 residents. The closest major retail store, a Walmart, is a 40-minute drive away.

Lori Hoskins (Butte, MT)

Lori Hoskins was Softline Lead at her Kmart for 3 years, and she loved her job. When Lori's store closed in April 2018, Lori found out that many of her coworkers who had worked at the store for over 20 years did not receive any severance because they were part-time employees. Lori struggled to find a job for over a year, and found it incredibly hard to support her family on her and her husband's unemployment.

Alisha Hudson (Lexington, KY)

Alisha Hudson had been working at Babies 'R' Us for almost 3 years. While pregnant with her son, Alisha worked 12-hour shifts at an Amazon warehouse, and while shopping at Babies 'R' Us she jumped at the opportunity to apply for a job with the store. Alisha was pregnant with her second child when she found out her store was closing, and she lost her part-time job that was helping her family stay afloat on top of her husband's income. She has not been able to find steady jobs since her store closed.

Terry Leiker (Chesapeake, VA)

Terry Leiker worked at Kmart for almost 18 years and when she lost her job in 2018, she also lost her health insurance, pension, 401K, and her financial stability. For several months before

her store closed, she had noticed changes at her store: products weren't coming in, vendors weren't getting paid, and her store wasn't able to fulfill orders. Shelves were so empty customers thought they were closing, but Terry and her co-workers were told by the company they were just downsizing. Terry's last day was October 13, 2018, just one day before Sears filed for bankruptcy protection. Terry has seen the financial and emotional toll of going through a retail bankruptcy herself and for her coworkers, many of whom had even longer tenure in her store than her.

Elizabeth Marin (Silverdale, WA)

Elizabeth Marin is originally from Anchorage, AK where she began her career at Toys 'R' Us in 2013 as an overnight stocker, and she was able to stay with the company as her family moved. When Toys 'R' Us announced it was liquidating all stores, Elizabeth was working as the full-time front-end HR supervisor supporting her 3 children while her husband was finishing his degree. After her store closed, Elizabeth's family fell behind on bills, and barely pieced together enough money to cover rent when they were 3 days away from being evicted.

Trina McInerney (Dubuque, IA)

Trina McInerney started working at Shopko in 2007 until the Midwestern retailer liquidated all stores in June 2019. Trina was earning \$8 an hour in 2007, and by the time she was helping to close her store in June, her hourly wage was \$9.87 - \$1.87 in raises over 11 years. She nonetheless built deep connections with her coworkers over the years, who were all devastated by the company's liquidation. After her store closed, Trina struggled through months of unemployment, and she would not have been able to afford rent if it weren't for her boyfriend.

Rona McLaughlin (Chicago, IL)

Rona McLaughlin started as a part-time associate with Payless in the South Pacific 21 years ago and worked her way up to store manager after moving to the U.S., working in Florida and finally in Illinois. As a multi-store manager, Rona found out her store was closing from news on TV, and it was devastating. Payless and her coworkers were a huge part of her life; Rona had her baby showers in the break room of a Payless store. Since losing her job in June Rona is on unemployment for the first time in her life. Her 17-year-old son started working to help her and her husband. Rona does not know how she is going to pay for her son's college tuition next year.

Brandy Mendoza (Fontana, CA)

Brandy Mendoza is a former Assistant Store Manager at Toys 'R' Us, a job that allowed her to raise 5 children and support her mother on her own. Brandy had finally bought a house on her salary a year before Toys 'R' Us announced it was liquidating all stores. In the 15 years she spent with the company, Brandy missed holidays and birthdays with her children. After losing her job, she would skip meals to make sure her children could eat, while digging into her savings to pay her bills and mortgage.

Bruce Miller (Toms River, NJ)

Bruce Miller was a mechanic at the Sears Auto Center in Toms River, NJ for 36 years until his store closed in April 2018. Bruce started as a custodian, and eventually worked to become Automotive Technician Level 3. Bruce recalls servicing 100 cars per day at the height of Sears' days, and he was able to buy a house in 1996. Bruce's commission pay declined after ESL Investments took over control of Sears, and he fell behind his mortgage. After his Sears closed and his 8-week severance ran out, Bruce lost his health insurance and his house, He has not been able to find a full-time job since then.

Debbie Mizen (Youngstown, OH)

Debbie Mizen was an assistant manager at Toys R Us and worked for the company for 31 years. When Debbie lost her job last year, she and her husband faced financial insecurity as her husband's pension wasn't enough to support both of them. Fixing up their car put them in thousands of dollars in debt. In Youngstown, she's found the job opportunities limited, very physically demanding, and lower paid than what she earned at Toys R Us. She eventually found employment grocery store doing curbside express, a labor-intensive job that was challenging at her age.

Madilyn Muniz (Bronx, NY)

Madilyn Muniz has worked in retail her whole life, 20 years of which were at Toys 'R' Us as she raised her two children. Four years ago Madilyn moved her aging parents from Puerto Rico to live with her in the Bronx in order to care for them, and she found comfort in her tight-knit Toys 'R' Us coworkers, most of whom were decades-long employees like Madilyn and working to support their children and their families. After Madilyn lost her job, she struggled to support herself and her mother, who has Alzheimer's, on unemployment.

Mary Osman (Youngstown, OH)

Mary Osman worked as a cashier at her Toys 'R' Us store in Boardman, OH for 24 years. Mary missed 18 Thanksgiving dinners with her family and was looking forward to retiring in 3 years and spending time with her grandchildren, until her job was taken away last June. Her husband has put his retirement plans on hold, and Mary is concerned about their future as she has not been able to find a job at the age of 63.

Ondrea Patrick (Rockford, IL)

Ondrea Patrick is a single mother of 5 under the age of 11. She spent almost 9 years at Kmart, but because of her availability as a mother, she was only able to get part-time hours. Ondrea has seen the local economy crash around her. There have been several retail store closures in her town, so not only did she lose her job, but there is so much less opportunity for her to get another job to support her family. After her Kmart closed last September and losing her tight-knit work family, Ondrea nearly lost her house. It took her nearly a year to finally find new employment.

Michelle Perez (Vancouver, WA)

Michelle Perez crossed the stateline everyday to work at her Toys 'R' Us store in Janzten Beach, OR. She had worked at Toys 'R' Us for 4 years as a full-time supervisor, had health insurance for her and her two kids, and had just signed the lease on her first apartment. Her 3-year-old son was diagnosed with Type-1 diabetes on the day she found out her store was closing. As a single mother, Michelle has been thrown into a financial crisis after she lost her job, unable to find full-time, permanent employment for nearly a year and a half and struggling to pay for her son's medical bills and medication on top of her rent.

Jorge Saenz (Chicago, IL)

Jorge Saenz was a loyal and hardworking employee at Payless Shoe Source for 27 years. Jorge started his career as a part time associate and worked his way up to become a multi-store manager. Some of the hardest days of his life were when Jorge had to inform the employees in his stores, many of whom he considered family, that they were losing their jobs. Jorge is the head of household and supports his wife and two of his three daughters, and since losing his job in June this year, Jorge has been relying on credit cards to make ends meet. Still unemployed, Jorge has been able to secure health insurance for his daughters, but he and his wife still have not been able to get affordable healthcare coverage.

Ann Marie Reinhart Smith (Durham, NC)

In 1989 Ann Marie Reinhart Smith was a new mother buying diapers at Toys 'R' Us in Commack, NY when she applied for a seasonal position, and she never left. When her store in Durham, NC liquidated last March, Ann Marie found herself unemployed at the age of 59, without health insurance and competing for jobs with people half her age. In the 20 months after her store closed, Ann Marie has not been able to find a full-time position with healthcare, and works two part-time jobs while helping to care for her grandchildren. Ann Marie was able to be there for her young sons while working at Toys 'R' Us as a young mother, a luxury her daughter-in-law who also works in retail, does not have today.

Jacob Soha (Saratoga Springs, UT)

Jacob Soha is the sole provider for his wife and kids. Jake has worked in retail for 17 years and worked for Shopko for 4 years in loss prevention. After getting laid off from Shopko in June, Jake and his family lost the health insurance they had received from Shopko, which has been very difficult for his wife and children.

Victor Urquidez (San Diego, CA)

Victor Urquidez is an Assistant Manager at his Sears Auto Center, where he started part-time 8 years ago. In 2 months, he will be losing his job as his store is closing. Victor has been the sole provider for his wife and 2 kids on his income, but they lost their house after his commission pay was cut in 2017, resulting in nearly \$1,000 less he took home every month. Victor and his family were homeless for 3 months, sleeping in their families' living rooms or in their car. They have

since found an apartment, but Victor and his wife, who started working, struggle to pay rent and cover their bills every month.

Brenda Urrutia (El Centro, CA)

Brenda Urrutia has decades of experience in the retail industry. Brenda worked at Sears for 21 years, during which time she raised two children as a single mother and bought a house on her own. She loved her job as a commission salesperson until her store closed abruptly in January of 2019. She and her coworkers received just 4 weeks of severance for decades of service. Brenda has been left with a pension that is not nearly enough to survive on, and is struggling to find employment at her age.

Kristi Van Beckum (Madison, WI)

Kristi Van Beckum was an apparel manager at Shopko for 14 years and took pride in working for a Wisconsin-based company with a family-oriented culture. Many of her coworkers had been with the company for decades, and they were all blindsighted when the company filed for bankruptcy protection in January. Despite her tenure, Kristi was promised only 4 weeks of severance, and she found out on her last day of work that she would not be getting it at all.

Maryjane Williams (Waco, TX)

Maryjane Williams was an assistant manager at Toys 'R' Us in Waco TX when her store closed. Maryjane started working for Toys 'R' Us in Commack, NY as a part-time seasonal employee, and after the 2005 leveraged buyout her full-time position was slashed and she was demoted back to part-time. But Maryjane continued to work with the company and rose through the ranks, while raising her five daughters with her husband. The day she lost her job at Toys 'R' Us, her husband was in an accident that put him in the ICU with head and neck trauma. Maryjane was able to find a job at Party City after taking care of her husband for several months, but still works at night in a cleaning business to supplement her income.

Sarah Woodhams (Harleysville, PA)

Sarah Woodhams started at Toys 'R' Us in 2011 as an overnight seasonal hire, and eventually became a Baby registry supervisor at her Babies 'R' Us. In 2018, Sarah was rushed to the hospital, and delivered her son who was stillborn. She was at home recovering when she found out on Facebook that her company was liquidating all stores. Facing unemployment and medical bills, she and her husband had to put their dream of buying their own house on hold. Sarah struggled for nearly a year to find employment.