

Edgar Filing: PRG SCHULTZ INTERNATIONAL INC - Form SC 13D/A

PRG SCHULTZ INTERNATIONAL INC
Form SC 13D/A
September 23, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 7)

Under the Securities Exchange Act of 1934

PRG-SCHULTZ INTERNATIONAL, INC.

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

69357C107

(CUSIP Number)

Murray A. Indick
Blum Capital Partners, L.P.
909 Montgomery Street, Suite 400
San Francisco, CA 94133
(415) 434-1111

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

September 19, 2002

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [].

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAME OF REPORTING PERSON

BLUM CAPITAL PARTNERS, L.P.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

94-3205364

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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION California

7. SOLE VOTING POWER -0-

NUMBER OF
SHARES 8. SHARED VOTING POWER 15,607,908**

BENEFICIALLY
OWNED BY EACH
PERSON WITH 9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 15,607,908**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,607,908**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 22.4%**

14. TYPE OF REPORTING PERSON PN, IA

** See Item 5

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSON RICHARD C. BLUM & ASSOCIATES, INC.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON 94-2967812

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS* See Item 3

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5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION California

7. SOLE VOTING POWER -0-

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH

8. SHARED VOTING POWER 15,607,908**

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 15,607,908**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,607,908**

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14. TYPE OF REPORTING PERSON CO

** See Item 5

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSON BLUM STRATEGIC GP, L.L.C.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON 94-3303831

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

7. SOLE VOTING POWER -0-

NUMBER OF
SHARES

8. SHARED VOTING POWER 15,607,908**

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BENEFICIALLY OWNED BY EACH PERSON WITH -----
 9. SOLE DISPOSITIVE POWER -0-

 10. SHARED DISPOSITIVE POWER 15,607,908**

 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,607,908**

 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 22.4%**

 14. TYPE OF REPORTING PERSON OO (Limited Liability Company)

 ** See Item 5

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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 1. NAME OF REPORTING PERSON BLUM STRATEGIC PARTNERS II, L.P.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON 94-3395151

 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
 (b) [x]

 3. SEC USE ONLY

 4. SOURCE OF FUNDS* See Item 3

 5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

 6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

 7. SOLE VOTING POWER -0-

NUMBER OF SHARES -----
 8. SHARED VOTING POWER 15,607,908**

BENEFICIALLY OWNED BY EACH PERSON WITH -----
 9. SOLE DISPOSITIVE POWER -0-

 10. SHARED DISPOSITIVE POWER 15,607,908**

 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,607,908**

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13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 22.4%**

14. TYPE OF REPORTING PERSON PN

** See Item 5

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CUSIP NO. 69357C107

SCHEDULE 13D

Page 6 of 12

1. NAME OF REPORTING PERSON BLUM STRATEGIC GP II, L.L.C.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON 94-3395150

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

7. SOLE VOTING POWER -0-

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH

8. SHARED VOTING POWER 15,607,908**

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10. SHARED DISPOSITIVE POWER 15,607,908**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,607,908**

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13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 22.4%**

14. TYPE OF REPORTING PERSON OO (Limited Liability Company)

** See Item 5

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1. NAME OF REPORTING PERSON RICHARD C. BLUM

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [x]
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION U.S.A.

7. SOLE VOTING POWER -0-

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH

8. SHARED VOTING POWER 15,607,908**

9. SOLE DISPOSITIVE POWER -0-

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14. TYPE OF REPORTING PERSON IN

** See Item 5

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Item 1. Security and Issuer

This Amendment No. 7 amends the Statement on Schedule 13D (the "Schedule 13D")

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filed with the Securities and Exchange Commission (the "Commission") on September 5, 2002 by Blum Capital Partners, L.P., a California limited partnership, ("Blum L.P."); Richard C. Blum & Associates, Inc., a California corporation ("RCBA Inc."); Blum Strategic GP, L.L.C., a Delaware limited liability company ("Blum GP"); Blum Strategic GP II, L.L.C., a Delaware limited liability company ("Blum GP II"); Blum Strategic Partners II, L.P., a Delaware limited partnership ("Blum Strategic II"); and Richard C. Blum, the Chairman and a substantial shareholder of RCBA Inc. and a managing member of Blum GP and Blum GP II (collectively, the "Reporting Persons"). This amendment to the Schedule 13D relates to the sale of shares of Common Stock of PRG-Schultz International, Inc., a Georgia corporation (the "Issuer") in a privately-negotiated transaction. The principal executive office and mailing address of the Issuer is 2300 Windy Ridge Parkway, Suite 100 North, Atlanta, Georgia 30339-8426. The following amendments to the Schedule 13D are hereby made. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Schedule 13D.

Item 4. Purpose of the Transaction

Item 4 of the Schedule 13D is hereby amended to add the following additional information:

On September 19, 2002, Blum Strategic II and one if its affiliates sold 28,670 shares, at \$8.72 per share, of the Issuer's Common Stock to Squam Lake Investors V, L.P., Waban Investors I, L.P. and Sunapee Securities, Inc., in a privately negotiated transaction. Executed copies of the transaction documents are attached hereto as Exhibit II and Exhibit III and incorporated by reference herein. The sale was contemplated as part of the transactions previously reported on Amendment No. 5 and Amendment No. 6.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is hereby amended as follows:

(a), (b) According to the Issuer's most recent Form 10-Q, there were 64,571,944 shares of Common Stock issued and outstanding as of July 31, 2002.

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Based on such information, after taking into account the transactions described in Item 5(c) below, the Reporting Persons report direct holdings as follows:

(i) Blum L.P. and RCBA Inc. report holdings of 1,756,400 of the Common Stock on behalf of the limited partnerships for which Blum L.P. serves as the general partner and Blum L.P.'s investment advisory clients, which represents 2.7% of the outstanding shares of the Common Stock; (ii) Blum GP reports holdings of 117,700 shares of the Common Stock on behalf of the limited partnership for which it serves as the general partner, which represents 0.2% of the outstanding shares of the Common Stock; (iii) Blum GP II reports holdings of 7,000,880 shares of the Common Stock on behalf of the limited partnership for which it serves as the general partner, which represents 10.8% of the outstanding shares of the Common Stock; and (iv) Mr. Blum reports the aggregate of these shares for a total of 8,874,980 shares of the Common Stock, which represents 13.7% of the outstanding shares of the Common Stock.

In addition, because Blum L.P. has voting and investment power with respect to 118,800 shares that are legally owned by The Common Fund for the account of its Multi-Strategy Equity Fund ("The Common Fund"), those shares are reported

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as beneficially owned by Blum L.P. The Common Fund is principally engaged in the business of managing investments for educational institutions. The principal administrative office of The Common Fund is located at 15 Old Danbury Road, Wilton, Connecticut 06897-0812. The Common Fund disclaims membership in a group with any of the Reporting Persons, and disclaims beneficial ownership of any shares held by the Reporting Persons.

Voting and investment power concerning the above shares are held solely by Blum L.P., Blum GP and Blum GP II. The Reporting Persons may be deemed to be members in a group, in which case each Reporting Person would be deemed to have beneficial ownership of an aggregate of 8,993,780 shares of the Common Stock, which is 13.9% of the outstanding Common Stock. As the sole general partner of Blum L.P., RCBA Inc. is deemed the beneficial owner of the securities over which Blum L.P. has voting and investment power. As Chairman, director and a substantial shareholder of RCBA Inc., Richard C. Blum might be deemed to be the beneficial owner of the securities beneficially owned by RCBA Inc. Additionally, Mr. Blum may be deemed to be the beneficial owner of the securities over which Blum GP and Blum GP II have voting and investment power.

In the event that the Reporting Persons converted the Convertible Notes into Common Stock (see the Schedule 13D Amendment Number 2, filed by the Reporting Persons on December 5, 2001), the Reporting Persons would be deemed to have beneficial ownership of 14,161,740 shares, and the Issuer would be deemed to have 69,739,904 shares issued and outstanding. The Reporting Persons would thus be deemed to have beneficial ownership of 20.3% of the Common Stock, as follows:

(i) Blum L.P. and RCBA Inc. would be deemed to have beneficial ownership of 4,986,375 shares, which represents 7.2% on an as converted basis;

(ii) Blum GP II would be deemed to have beneficial ownership of 8,938,865 shares, which represents 12.8% on an as converted basis;

(iii) Blum GP would be deemed to have beneficial ownership of 117,700 shares, which represents 0.2% on an as converted basis; and

(iv) Mr. Blum might be deemed to have beneficial ownership of 14,161,740 shares, which represents 20.3% on an as converted basis.

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In addition, assuming that the Reporting Persons converted the Convertible Notes into Common Stock and that they acquired all the shares subject to the put/call arrangement contained in the Secured Promissory Note, the Reporting Persons would be deemed to have beneficial ownership of 15,607,908 shares, and the Issuer would be deemed to have 69,739,904 shares issued and outstanding. The Reporting Persons would thus be deemed to have beneficial ownership of 22.4% of the Common Stock, as follows:

(i) Blum L.P. and RCBA Inc. would be deemed to have beneficial ownership of 4,986,375 shares, which represents 7.2% on an as converted basis;

(ii) Blum GP II would be deemed to have beneficial ownership of 10,385,033 shares, which represents 14.9% on an as converted basis;

(iii) Blum GP would be deemed to have beneficial ownership of 117,700 shares, which represents 0.2% on an as converted basis; and

(iv) Mr. Blum might be deemed to have beneficial ownership of

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15,607,908 shares, which represents 22.4% on an as converted basis.

Although Mr. Blum is joining in this Schedule as a Reporting Person, the filing of this Schedule shall not be construed as an admission that he, or any of the other shareholders, directors or executive officers of RCBA Inc., or any of the managing members and members of Blum GP and Blum GP II, is, for any purpose, the beneficial owner of any of the securities that are beneficially owned by RCBA Inc., Blum GP or Blum GP II, except to the extent of any pecuniary interest therein.

(c) There were no other reportable transactions other than the transaction described in Item 4 above.

(d) and (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 to Schedule 13D is hereby amended to add the following information:

On September 19, 2002, Blum Strategic II and one of its affiliates entered into an agreement (the "Assignment and Assumption Agreement" attached hereto as Exhibit II) with Squam Lake Investors V, L.P., Waban Investors I, L.P. and Sunapee Securities, Inc.

As described in Item 4 above, Blum Strategic II and one of its affiliates entered into an agreement (the "Joinder Agreement" attached hereto as Exhibit III) with the Issuer, Squam Lake Investors V, L.P., Waban Investors I, L.P. and Sunapee Securities, Inc.

Item 7. Material to be Filed as Exhibits

Exhibit I Joint Filing Undertaking

Exhibit II Assignment and Assumption Agreement

Exhibit III Joinder Agreement

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: September 23, 2002

RICHARD C. BLUM & ASSOCIATES, INC.

BLUM CAPITAL PARTNERS, L.P.

By Richard C. Blum & Associates, Inc.
its general partner

By /s/ Murray A. Indick

By /s/ Murray A. Indick

Murray A. Indick
Partner, General Counsel
and Secretary

Murray A. Indick
Partner, General Counsel
and Secretary

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BLUM STRATEGIC GP, L.L.C.

RICHARD C. BLUM

By /s/ Murray A. Indick

/s/ Murray A. Indick

Murray A. Indick, Member

By Murray A. Indick, Attorney-in-Fact

BLUM STRATEGIC GP II, L.L.C.

BLUM STRATEGIC PARTNERS II, L.P.

By: Blum Strategic GP II, L.L.C.,
its General Partner

By /s/ Murray A. Indick

By /s/ Murray A. Indick

Murray A. Indick, Member

Murray A. Indick, Member

CUSIP NO. 69357C107

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Exhibit I
JOINT FILING UNDERTAKING

The undersigned, being duly authorized thereunto, hereby execute this agreement as an exhibit to this Schedule 13D to evidence the agreement of the below-named parties, in accordance with the rules promulgated pursuant to the Securities Exchange Act of 1934, to file this Schedule jointly on behalf of each such party.

Dated: September 23, 2002

RICHARD C. BLUM & ASSOCIATES, INC.

BLUM CAPITAL PARTNERS, L.P.

By Richard C. Blum & Associates, Inc.
its general partner

By /s/ Murray A. Indick

By /s/ Murray A. Indick

Murray A. Indick
Partner, General Counsel
and Secretary

Murray A. Indick
Partner, General Counsel
and Secretary

BLUM STRATEGIC GP, L.L.C.

RICHARD C. BLUM

By /s/ Murray A. Indick

/s/ Murray A. Indick

Murray A. Indick, Member

By Murray A. Indick, Attorney-in-Fact

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BLUM STRATEGIC GP II, L.L.C.

BLUM STRATEGIC PARTNERS II, L.P.

By: Blum Strategic GP II, L.L.C.,
its General Partner

By /s/ Murray A. Indick

By /s/ Murray A. Indick

Murray A. Indick, Member

Murray A. Indick, Member