

EisnerAmper Receives Private Equity Investment; Creates New Business Model

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EISNERAMPER

A private equity firm has invested in New York-based **EisnerAmper** (FY21 net revenue of \$456 million), which is separating its attest and non-attest services as a result.

Terms of the deal with **TowerBrook Capital Partners** were not disclosed, but EisnerAmper, ranked No. 18 on IPA's Top 100 firms this year, described the investment by as a "significant capital infusion" that reimagines the traditional accounting firm model. The licensed CPA firm, EisnerAmper LLP, will provide attest services while Eisner Advisory Group will conduct business advisory and non-attest services.

The new capital, the announcement reads, "will help drive EisnerAmper's long-term growth initiatives, which include accelerating the evolution of service offerings, investing considerably in talent and technology, and strategically expanding via organic growth and targeted mergers and acquisitions – all directed at exponentially enhancing client service." IPA data shows EisnerAmper grew by 8.2% in 2020.

Charly Weinstein, EisnerAmper CEO, called the arrangement a forward-looking move. "Rather than conforming to traditional frameworks, adopting a new model of ownership facilitates the best structure for the firm to drive growth and innovative solutions to our clients."

Speculation about private equity entering the profession has been swirling since at least February, with a variety of reactions.

Here are just two:

Consultant **Allan Koltin** earlier this year said that "outside ownership can work," and that smart private equity firms would let accountants run their firm without micromanagement or an over-emphasis on ROI. He pointed to the model followed by successful firms in the U.K., and that of **CBIZ/MHM**, where MHM provides attest services and CBIZ offers consulting, tax and financial services as a public company.

Another consultant, **Dom Esposito**, has written that private equity could be the “**devil with a blue dress on**,” as a new owner may emphasize immediate ROI at the expense of long-term growth of the institution. He pointed to the private equity purchase in 2007 of about 80% **SMART and Associates**, and the attempt to combine it into a publicly traded consulting firm, LECG. The old firm went out of business when lenders started making demands during the 2008 recession, he wrote.

EisnerAmper has made numerous mergers over the last couple of years. A few weeks ago, the firm announced it is **merging in technology consulting firm ZenTek Data Systems** of Fort Lauderdale, Fla. In February, the firm **merged in Merchantville, N.J.-based St. Clair CPAs** as well as **Goldin Peiser & Peiser LLP of Dallas**. In May of last year, the firm **acquired consulting firm Compensation Resources Inc. (CRI)** of Upper Saddle River, N.J.

TowerBrook, based in New York and London, says it has raised \$17.4 million to date and invests primarily in large and mid-market companies. Deutsche Bank Securities acted as financial advisor to EisnerAmper and committed debt financing to support the transaction.