

## CBIZ to acquire Marcum in megamerger

By Michael Cohn July 31, 2024, 10:47 a.m. EDT

CBIZ Inc., a Top 25 Firm based in Cleveland, is acquiring Marcum LLP, a Top 25 Firm based in New York, for \$2.3 billion in a cash-and-stock deal, making the combined firm what is projected to become the seventh largest accounting firm in the U.S. with approximately \$2.8 billion in annual revenue.

CBIZ, which is a publicly traded company, is acquiring the nonattest assets of Marcum. Concurrent with the closing of the transaction, which is expected in the fourth quarter, Mayer Hoffman McCann P.C. is acquiring the attest assets. MHM is a national independent CPA firm with which CBIZ has had an administrative service agreement for over 25 years.

Approximately half of the \$2.3 billion transaction consideration will be paid in cash and the remainder in shares of CBIZ common stock.

CBIZ and MHM together ranked No. 11 on *Accounting Today's* 2024 list of the Top 100 Firms, with \$1.42 billion in annual revenue. Marcum ranked No. 13 and has approximately \$1.2 billion in revenue and more than 3,500 professionals. Combined, CBIZ will have more than 10,000 team members and over 135,000 clients. CBIZ provides finance, insurance and advisory services in more than 120 offices in 33 states, while Marcum has 43 offices in major markets across the U.S.



Courtesy of CBIZ

"Today marks the most significant transaction in CBIZ's history as we announce our agreement to acquire Marcum," said CBIZ president and CEO Jerry Grisko in a statement Wednesday. "At closing, our company will have combined annual revenue of approximately \$2.8 billion, more than 10,000 team members and over 135,000 clients. Together, we will provide a breadth of services and depth of expertise that is unmatched in our industry, allowing us to bring a broader array of high-value solutions to our combined client base. This transaction enables CBIZ to strengthen our presence in key markets, continue to attract and retain top talent, and innovate through technology. We are excited about our future together and the opportunities it will provide our people, the solutions we will bring to our clients and the value we expect it will create for shareholders."

Neither firm was under pressure to merge, but as their competitors grow, they saw opportunities for joining together.

"We've both enjoyed a lot of success and revenue, but the combination of these two was just too good to pass up and accelerates our growth strategy to become the firm of choice to the market," said Chris Spurio, president of CBIZ Financial Services, in an interview with *Accounting Today*.

The two firms had been in talks about a combination. "We've been talking to them for a very long time, but things really started ramping up late in 2023," Spurio added. "We've been at it since then, culminating in the announcement today."

Integration is being carefully planned. "We have a very thoughtful integration plan that we've been working around," said Spurio. "Initially it's going to be focused on our clients. It's also going to be about aligning those mission critical platforms and systems. We're colocated in many markets, getting those teams together and starting to build those relationships so we can go to market as an organization that will now be the seventh largest in the U.S. But the integration will happen in a plan that will span over 18 to 24 months and has several phases to it. It's thoughtful, but ambitious as well. We will continue to serve our clients with the same level of service they have come to expect throughout the process."

The firms may not be expanding geographically right away since they already both have huge footprints. "Geographically, they have 43 offices located in the Northeast, New York metro, D.C., Florida and California, and that is where we are co-located," said Spurio. "It just allows us to scale up dramatically in those markets. For example, if you think about our New York metro and New England practices, those will instantly double, and our mid-Atlantic — Philly, Pennsylvania and Maryland — those quadruple. Our Florida and California practices scale up significantly as well. It's not so much new markets, but adding tremendous size, scale, expertise and industry knowledge to many of the markets that we provide. And they're interested in a lot of the markets we're in that they're trying to get in — think Kansas City, Salt Lake City, Denver — that we have. I think it's a very interesting combination from that perspective."

There will be more opportunities for employees and clients as well. "Both organizations are really excited about the opportunities," said Spurio. "We'll be able to provide the clients the kind of services and solutions they need and provide our employees with the kind of experiences and career paths that they want."

Founded in 1951, Marcum provides a variety of professional services, including tax, attest, accounting, and advisory services, as well as technology solutions and executive search and staffing services for entrepreneurial companies, midcap and micro-cap SEC registrants, and high-net-worth individuals.

"CBIZ and Marcum share a dedication to providing high-quality innovative professional services to our clients, and personalized, local client relationships supported by national resources," said Marcum chairman and CEO Jeffrey Weiner in a statement. "By joining forces, we will capitalize on our strengths and leverage our similar models to bring more diversified services and even greater subject matter expertise to our clients and attract new business. We both have a proven track record of growth through successful acquisitions, and we are excited to bring these two best-in-class organizations together."

In an email to clients, Weiner added, "This strategic acquisition presents an incredible opportunity for CBIZ and Marcum to bring together the best talent in the industry to offer our clients an exceptional breadth of services and depth of expertise. Together, we'll become the seventh-largest accounting and advisory services provider in the nation. Our combined force will deliver exceptional accounting, tax, advisory, business, and insurance services to middle-market clients and attract and retain the best and brightest talent."

Allan D. Koltin, CEO of Koltin Consulting Group, who has advised both firms over the past two decades but wasn't involved directly in the deal, commented, "This deal is groundbreaking and puts a big exclamation mark on whether or not non-CPA firm ownership can work in the accounting profession. Not only will this create the seventh largest CPA and advisory firm in the country, it will also increase the number of PE firms and related investment groups entering the accounting profession. The accounting profession has been around for 137 years, but it's never had a day like today!"

The transaction is expected to close in the fourth quarter of 2024 subject to the approval of CBIZ's stockholders, the approval of Marcum's partners and other customary closing conditions. Perella Weinberg Partners is serving as CBIZ's financial advisor and BakerHostetler is serving as CBIZ's legal advisor for the transaction. Deutsche Bank is serving as Marcum's financial advisor and Dechert LLP is serving as Marcum's legal advisor for the transaction.

Both CBIZ and Marcum have participated in many M&A deals. In March, CBIZ acquired CompuData, a Philadelphia-based accounting solutions provider that specializes in software for small and midsize organizations. In February, the firm announced it acquired Erickson, Brown & Kloster LLC in Colorado Springs, Colorado, effective Feb. 1, 2024, while Mayer Hoffman McCann acquired the attest assets. In February of last year, CBIZ acquired the nonattest assets of Top 100 Firm Somerset CPAs and Advisors, an Indianapolis-based firm, while MHM acquired the attest assets.

In June, Marcum Technology, the tech arm of Top 25 firm Marcum, acquired the IT Enhanced Managed Services division of Top 10 firm CliftonLarsonAllen. In May, Marcum acquired Croskey Lanni PC, a firm based in the Detroit area with an office in Boca Raton, Florida, and Simon, Krowitz, Meadows & Bortnick, a firm based in Rockville, Maryland. In February, Marcum merged in Powers & Sullivan, a firm based in Wakefield, Massachusetts. In January, Marcum acquired Federman, Lally & Remis LLC, a firm in Farmington, Connecticut. Last year, Marcum added McCarthy & Co., a Regional Leader headquartered in Blue Bell, Pennsylvania, and Melanson, P.C., a Regional Leader firm in Merrimack, New Hampshire. In 2022, Marcum merged in E. Cohen and Co., CPAs, a Regional Leader firm in Rockville, Maryland, and completed a megamerger with another top firm, Friedman LLP, as well as a merger with RotenbergMeril CPAs, a firm in Saddle Brook, New Jersey.

## Advisor to CPA Firms Wowed by CBIZ/Marcum

Posted by INSIDE Public Accounting | July 31, 2024

**Allan D. Koltin**, CEO of **Koltin Consulting Group**, a well-known advisor on M&A within the profession, said that if anyone had asked him a year ago whether **CBIZ** and **Marcum** would combine, he would have said, 'Not in my lifetime.'

"Two fiercely independent firms explored the impossible and came to realize that together they would be better and for sure stronger. Transformation is not only in the wind, but also blowing faster and harder than anyone could have ever anticipated," said Koltin, who has advised both firms over the last 20 years but wasn't directly involved in this transaction.

In the deal expected to close in the fourth quarter, **CBIZ**, ranked by IPA as the 11<sup>th</sup> largest firm in the nation, plans to acquire the non-attest business of New York-based **Marcum**, which is ranked No. 13. Together, the firm will rank No. 7 with 10,000 employees, 135,000 clients and \$2.8 billion in combined annual revenue.

The attest business of Marcum will be acquired by **Mayer Hoffman McCann**, the national independent CPA firm with which CBIZ has had an administrative service agreement for over 25 years.

"Every day something new seems to happen in the accounting profession that has never happened before and/or was something we could never have imagined," Koltin said, but was quick to add that many CPA firms will find ways to be successful that have nothing to do with private equity.

"Non-PE investors such as family office, sovereign wealth funds, private capital, or taking on bank debt, or simply increasing partner capital requirements (holding back partner profits) were historically not a part of the "venn diagram" for public accounting. Now they are 'center stage' and firms are being very innovative and creative in how they see their future direction and opportunities."

Koltin noted that he worries about firms with "their heads in the sand."

"The worst position in business is to be in a position of success and think it will last forever.

The feeding at the trough might be great today but I worry these firms are going to get caught off guard and not see the changes coming."



## Two Top 20 Firms to Merge, Creating a \$2.8 Billion Powerhouse

Posted by INSIDE Public Accounting | July 31, 2024

**CBIZ** plans to acquire the non-attest business of New York-based **Marcum** this fall in a blockbuster deal involving two of the largest business advisory firms in the nation.

CBIZ, a Cleveland-based public company that offers financial, insurance and advisory services, is ranked No. 11, and Marcum is ranked No. 13, according to INSIDE Public Accounting's latest listing. Together, the firm will rank No. 7 with 10,000 employees, 135,000 clients and about \$2.8 billion in combined annual revenue.

The attest business of Marcum will be acquired by **Mayer Hoffman McCann**, the national independent CPA firm with which CBIZ has had an administrative service agreement for over 25 years.

The cash-and-stock transaction is valued at approximately \$2.3 billion. It is expected that approximately half of the transaction consideration will be paid in cash and the remainder shares of CBIZ common stock, CBIZ announced. The deal should close in the fourth quarter, subject to stockholder approval, the approval of Marcum's partners and other customary closing conditions.

"This strategic acquisition presents an incredible opportunity for CBIZ and Marcum to bring together the best talent in the industry to offer our clients an exceptional breadth of services and depth of expertise," said Marcum chairman and CEO **Jeffrey Weiner** in a statement to clients. "Our combined force will deliver exceptional accounting, tax, advisory, business and insurance services to middle-market clients and attract and retain the best and brightest talent."

According to **Jerry Grisko**, president and CEO of CBIZ, “This transaction enables CBIZ to strengthen our presence in key markets, continue to attract and retain top talent, and innovate through technology. We are excited about our future together and the opportunities it will provide our people, the solutions we will bring to our clients and the value we expect it will create for shareholders.”

Weiner also noted that the combination will allow for innovation using the latest technologies, such as business intelligence, workflow reengineering and machine learning. “The future has never been more exciting because of the growth opportunities it will unleash for our people and the solutions it will provide our clients,” he concluded.

**Allan D. Koltin**, CEO of Koltin Consulting Group, who has advised both firms over the past two decades but wasn’t involved directly in the deal commented, “This deal is groundbreaking and puts a big exclamation mark on whether or not non-CPA firm ownership can work in the accounting profession.” Koltin added, “Not only will this create the seventh-largest CPA and advisory firm in the country, it will also increase the number of PE firms and related investment groups entering the accounting profession. The accounting profession has been around for 137 years, but it’s never had a day like today!”

## **CBIZ Reaches Deal to Acquire Fellow Top 15 Firm Marcum**

The 2.3-billion-dollar megadeal announced July 31 is expected to close later this year and would put CBIZ among the top 10 firms.

Jason Bramwell | July 31, 2024



A 2.3-billion-dollar megadeal in public accounting was announced this morning, as top 15 firm CBIZ said it's acquiring another top 15 firm, New York-based Marcum, which would put the combined firm among the seventh largest in the U.S. by revenue after the transaction closes later this year.

Cleveland-based CBIZ, which is a publicly traded accounting services provider (NYSE: CBZ), will acquire the non-attest business of Marcum, while Kansas City, MO-based Mayer Hoffman McCann, the national independent CPA firm with which CBIZ has had an administrative service agreement for more than 25 years, will acquire Marcum's attest business.

It would be the largest acquisition in the 37-year history of CBIZ.

All or most of Marcum's audit partners will remain partners, while its non-audit partners will become managing directors at CBIZ, the *Wall Street Journal* reported today. The Marcum brand will be retired after the transaction is finalized, which is expected in the fourth quarter of this year. But the deal first has to be approved by CBIZ stockholders, Marcum's partners, and regulators, and is subject to other customary closing conditions.

The cash-and-stock transaction is valued at approximately \$2.3 billion. It's expected that approximately half of the transaction consideration will be paid in cash and the remainder shares of CBIZ common stock. Consideration for the transaction would include \$1.1 billion in cash and 14.4 million shares of CBIZ common stock, based on a per-share price of \$76.84, the WSJ reported.

Once the deal closes, the combined firm will have approximately \$2.8 billion in revenue, which will likely vault CBIZ—currently the 11th largest accounting firm in the U.S. by revenue—over Grant Thornton for the seventh spot in the top 10, just behind BDO USA. Grant Thornton had revenue of \$2.4 billion during its 2023 fiscal year. It has yet to announce its financial results for FY 2024.

CBIZ pulled in \$1.35 billion of revenue during its most recent fiscal year, while Marcum, the nation's 13th largest firm, had revenue of \$1.325 billion during its most recent fiscal year, according to INSIDE Public Accounting.



Jerry Grisko

“Today marks the most significant transaction in CBIZ’s history as we announce our agreement to acquire Marcum,” Jerry Grisko, president and CEO of CBIZ, said in a statement. “At closing, our company will have combined annual revenue of approximately \$2.8 billion, more than 10,000 team members, and over 135,000 clients. Together, we will provide a breadth of services and depth of expertise that is unmatched in our industry, allowing us to bring a broader array of high-value solutions to our combined client base. This transaction enables CBIZ to strengthen our presence in key markets, continue to attract and retain top talent, and innovate through technology. We are excited about our future together and the opportunities it will provide our people, the solutions we will bring to our clients, and the value we expect it will create for shareholders.”



## Employee reaction

In a post on professional business and career community platform Fishbowl about the acquisition, a CBIZ employee said they were “honestly shocked” and “I don’t know how to feel about it yet.”

“I learned about this for the first time at 7:15 this morning when reading the press release,” the CBIZ employee wrote. “[I]t’s the largest acquisition in CBIZ history, the integration is what concerns me the most. There will be A LOT of changes.”

Another CBIZ employee wrote, “I don’t think anyone outside of Senior Leadership knew. Even some Directors didn’t know until today. Having been through similar acquisitions, I don’t think that is uncommon due to regulatory requirements (with CBIZ being a public co.)”

A Marcum employee responded, “Nobody knew—partners only found out yesterday after the markets closed. Serious confidentiality agreements were involved.”

In another post about the deal on Reddit, a CBIZ employee said the acquisition makes them “very uneasy” and said “I don’t want it to affect me at my local office.”

Another CBIZ employee responded, mentioning the firm’s 2022 acquisition of then-top 50 firm Marks Paneth: “I doubt it will. My guess (and it’s just that) is that they’ll handle Marcum like they’ve done with Marks Paneth—run it as a semi-autonomous division within CBIZ for a few years and not really change what goes on in the local offices of either company.”

### **“The future has never been more exciting”**

Founded in 1951, Marcum has 43 offices in major markets across the U.S. and serves more than 35,000 clients. The firm employs more than 3,500 professionals. Marcum provides a variety of professional services, including tax, attest, accounting, and advisory services, as well as technology solutions and executive search and staffing services for entrepreneurial companies, midcap and micro-cap SEC registrants, and high-net-worth individuals.

In a letter to clients that was obtained by *CPA Practice Advisor*, Marcum Chairman and CEO Jeffrey Weiner wrote:

Hello Clients & Friends,

I am incredibly excited to announce we have signed a definitive agreement for CBIZ, Inc. (“CBIZ”), the country’s 11th-largest business advisory and CPA firm, to acquire Marcum LLP (“Marcum”). Pending various approvals, we anticipate the transaction will close this fall.

This strategic acquisition presents an incredible opportunity for CBIZ and Marcum to bring together the best talent in the industry to offer our clients an exceptional breadth of services and depth of expertise. Together, we’ll become the seventh-largest accounting and advisory services provider in the nation. Our combined force will deliver exceptional accounting, tax, advisory, business, and insurance services to middle-market clients and attract and retain the best and brightest talent.

This is an exciting step for Marcum as we look toward what's next for our business and provide you, our clients, with access to a host of new resources to service your business and personal needs. Upon close, our combined team of 10,000 professionals will offer much more to help you achieve your goals.

CBIZ and Marcum share a dedication to high-quality, innovative, professional services, investor protection, and personalized local client relationships. By joining forces, we'll capitalize on our strengths, sharpen our insights in a variety of industries, and leverage our similar models to serve you better. We will continue to work alongside you as your trusted advisors for your most important strategic decisions.

When it comes to innovation, our shared commitment to leveraging our proprietary data and deploying the latest technology will enable the development and expansion of new solutions—business intelligence, workflow reengineering, and machine learning—ensuring we meet your evolving needs and offer actionable solutions that are miles ahead of the competition.

Our partners look forward to talking with you in more detail about the opportunities this combination presents. Have no doubt, you will continue to receive the premier level of service you have come to expect from Marcum.

As a CBIZ client, very little will change. You will continue to work with the same professionals and partners you have come to know and trust. Our phone numbers and email addresses will remain unchanged, and we will operate out of our current offices.

Please reach out if you have any questions about this process.

We will communicate early and often about any changes to our processes to provide a seamless transition.

The future has never been more exciting because of the growth opportunities it will unleash for our people and the solutions it will provide our clients. I thank you for your business and your continued trust in our Firm.

Best Regards,

**Jeffrey M. Weiner**  
Chairman & CEO  
Marcum LLP



Jeffrey Weiner

In a public statement about the acquisition, Weiner, who has been Marcum’s chairman and CEO since 2017, said, “CBIZ and Marcum share a dedication to providing high-quality innovative professional services to our clients, and personalized, local client relationships supported by national resources. By joining forces, we will capitalize on our strengths and leverage our similar models to bring more diversified services and even greater subject matter expertise to our clients and attract new business. We both have a proven track record of growth through successful acquisitions, and we are excited to bring these two best-in-class organizations together.”

Allan Koltin, CEO of Koltin Consulting Group, who has advised both firms over the past two decades but wasn’t involved directly in today’s deal, commented, “This deal is groundbreaking and puts a big exclamation mark on whether or not non-CPA firm ownership can work in the accounting profession. Not only will this create the seventh-largest CPA and advisory firm in the country, it will also increase the number of PE firms and related investment groups entering the accounting profession. The accounting profession has been around for 137 years, but it’s never had a day like today!”

CBIZ has no plans to seek a private equity investment following the acquisition, the WSJ reported.

# CRAIN'S CLEVELAND BUSINESS

## CBIZ prepares to join elite firms after 'groundbreaking' acquisition of Marcum

July 31, 2024 04:25 PM

Jeremy Nobile



CBIZ's \$2.3 billion acquisition of Marcum will position it as the seventh-largest accounting firm in the U.S

CBIZ Inc.'s \$2.3 billion acquisition of New York-based accounting firm Marcum is poised to launch the firm into elite company as the seventh-largest accounting firm in the country.

The transaction, expected to close in Q4 2024, will see about half the cost paid in cash and half in CBIZ stock, marking the largest acquisition yet for CBIZ in its 28-year history.

In terms of the biggest firms in the accounting space, as it integrates Marcum, CBIZ will fall behind powerhouse firms that include the Big 4, RSM US and BDO USA

The transaction value is also likely the third largest for an M&A deal in the accounting space ever, said Allan Koltin, CEO of Koltin Consulting Group, who specializes in advising accounting companies, including in M&A deals.

CBIZ says that the deal is projected to result in a combined firm with nearly \$3 billion in annual revenue, more than 10,000 employees and 135,000 clients.

Amy McGahan, director of corporate and strategic communications for CBIZ, described the deal as a “major step forward in accelerating our growth strategy” and one that “solidifies” our standing as a leading provider of professional services to the middle market.”

It also strengthens the firm’s presence in several markets throughout the country.

“In Marcum, we found a service offering very complementary to our own that allows us to continue to provide a breadth of services and depth of expertise that is unmatched,” McGahan said. “In an industry that is in many ways going through a transformation due to a competitive labor market, emerging technologies and the increasing importance of data, scale matters and enables us to make important investments in talent, innovation and the development of new services and solutions for our clients.”

“This is an exciting step for Marcum as we look toward what's next for our business and provide you, our clients, with access to a host of new resources to service your business and personal needs,” wrote Marcum chairman and CEO Jeffrey Weiner in an email to clients. “Upon close, our combined team of 10,000 professionals will offer much more to help you achieve your goals.”

A spokesperson for Marcum did not immediately respond to a request for additional comments on Wednesday, July 31.

According to a 2024 ranking by Accounting Today, CBIZ — plus Mayer Hoffman McCann P.C. (MHM), an independent CPA firm long affiliated with CBIZ through an administrative service agreement — and Marcum are the 11th- and 13th-largest accounting firms in the country, respectively, based on revenue.

The firms say this deal will position CBIZ as the seventh-largest accounting firm in the country.

In 2023, Marcum and CBIZ ranked as the 10th and 21st largest accounting firms in Northeast Ohio as ranked by number of in-market CPAs, according to Crain’s research.

Today, CBIZ reports more than 7,000 firmwide employees to Marcum’s 3,500. This positions the combined firm to have approximately 10,500 employees across some 230 U.S. offices.

McGahan said that there are more details to come regarding potential synergistic cost savings achieved in the deal that might impact staff or locations.

“We do not anticipate any immediate changes in terms of office locations,” McGahan said. “We are in the very early stages of assessing our real estate needs and many of our offices have long-term leases. That said, our combined teams in key markets will have opportunities to connect and interact in the short term.”

She added that while the company does “anticipate synergies, they are not expected in the first 12 months, and we are in the early stages of integration planning that will determine the best opportunities to achieve efficiency and savings.”

The company will have a particularly strong presence in the local market, but to what extent any of those operations are impacted, if at all, is to be determined.

“It is important to point out that CBIZ also has multiple offices in Northeast Ohio—Cleveland and Akron—so as part of integration planning, we’ll consider our presence across the entire region and how we best support the business moving forward,” McGahan said.

Per terms of the \$2.3 billion transaction, \$1.1 billion is expected to be paid in cash and the remaining is expected to be paid in approximately 14.4 million shares of CBIZ common stock. The value of the stock portion of the deal value is based on a per-share price of CBIZ stock of \$76.84.

Concurrent with the closing of the transaction, CBIZ said that the attest business of Marcum will be acquired by MHM.

In the future, McGahan said that MHM will be rebranded under the CBIZ moniker.

Koltin described the acquisition as “groundbreaking” and indicative of how the accounting industry is evolving.

“Every day something now seems to happen in the accounting profession that has never happened before and/or was something we could never have imagined,” he said. “If someone had asked me a year ago if CBIZ and Marcum would ever combine I would have said, ‘not in this lifetime.’”

CBIZ, Koltin said, may very likely be a trendsetter going forward. He suspects other companies may look to follow suit and establish similarly large firms providing a mix of accounting and business advisory services.

“Not only will this create the seventh largest CPA and advisory firm in the country, it will also increase the number of private equity firms and related investment groups entering the accounting profession,” Koltin said.

There were many investment firms interested in buying or investing in CBIZ before this deal came to pass, Koltin said, which may be inspired by what CBIZ is doing.

“I think this is going to spur a whole other round of outside investors wanting to get into the space,” Koltin said, which may include private equity as well as sovereign wealth funds, large family offices, pension funds and other investors outside the U.S.

Koltin is quite bullish on this deal playing out well for CBIZ.

“This is a \$2.8 billion (combined) firm that should be a \$5 billion firm in five years,” he said.

CBIZ has been a very active acquirer of other firms as part of its growth strategy, but those are typically much smaller deals. The Marcum transaction marks the firm’s third deal this year behind the roll-ups of firms CompuData and Erickson, Brown & Kloster.

Asked if CBIZ is putting other deals on hold as it digests the Marcum acquisition, McGahan said the firm will remain in the market for other strategic transactions.

“We have a healthy pipeline of M&A opportunities and are always evaluating strategic acquisitions,” McGahan said. “While our immediate focus is planning around integration Marcum, M&A will remain a key component of our growth strategy.”