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October 25, 2024 08:06 AM | UPDATED 6 MINUTES AGO

## Cohen & Co. receives strategic growth investment from Lovell Minnick Partners

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Cohen & Co.

Cohen & Co. is receiving a strategic equity investment from Pennsylvania-based private equity firm Lovell Minnick Partners in a deal expected to greatly accelerate the regional accounting firm's growth in the years ahead.

The companies declined to discuss the financial terms of the transaction, including details about the size of the investment or the stake that LMP is acquiring, which seems to be a minority position.

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The deal, slated to close on Dec. 31, marks the first institutional capital investment for Cohen since it was founded in Cleveland in 1977.

“It was important to think about the business over the long-term period of time,” said Cohen CEO Chris Bellamy. “We believe that attracting outside capital is paramount to continuing being the platform firm or destination firm for talent now and into the future.”

### Capital infusion

LMP’s capital infusion is expected to support Cohen’s growth by fueling investments in people, service areas, technology and acquisitions.

To make this deal possible, Cohen will be transitioning to an alternative practice structure — a business model in the accounting space similar to what CBIZ Inc. had long had in place with CPA firm Mayer Hoffman McCann.

As such, Cohen will separate its attest (i.e. auditing) practice from its non-attest business, which includes consulting and advisory services.

While there will be some common ownership, the two entities will be separately owned and governed. This separation is designed to avoid potential regulatory limitations as Cohen receives an outside investment.

The attest business, Cohen & Co. Ltd., will be led by Vince Curttright, the firm’s partner in charge of assurance. And the non-attest side, Cohen & Co Advisory LLC, will be led by Bellamy. Curttright and Bellamy will serve as CEOs of their respective business segments, both of which will operate under the Cohen & Co. brand name.

Some LMP officials are expected to join the board of Cohen’s advisory business. But the firm emphasizes that Cohen & Co. “individual partners and employees will collectively remain the largest equity holders in the companies.”

When the investment is completed, Bellamy said Cohen “at a minimum” expects to about double its number of employee-owners, which equals more than 80 today out of a companywide staff of more than 800 across 12 offices.

Cohen ranks as the 46th largest accounting firm in the U.S., according to [Accounting Today](#), with approximately \$150.5 million in annual revenue in its 2024 fiscal year ending in May—an increase of 18% over the prior year.

Allan Koltin, CEO of Koltin Consulting Group, a firm that specializes in advising the accounting sector, said the significance of this investment for Cohen can’t be understated. He suspects the firm will rocket up the list of largest accounting firms in the years ahead.

“It’s not just a bold step, it’s also the right step for Cohen & Co. to have a strategic capital partner,” Koltin said. “They should be able to two- or three-times the firm over the next five years and move from the category of a regional firm to a truly national firm.”

Partnering with LMP, he said, puts Cohen in a “whole other league,” particularly in terms of how it positions the business

to absorb other companies moving forward.

"Bellamy, with PE muscle behind him ... I do think they're going to go out and do M&A deals," Koltin said. "They can now compete with the top 25 firms (for deals) and hopefully acquire some of the optimal performing firms in the country."

It's not surprising that Cohen was a prime target for a private equity deal as the industry has been increasingly partnering with institutional investors since 2021.

One of the first deals between a PE firm and accounting business that year involved an [investment](#) by TowerBrook Capital Partners, which is co-headquartered in New York and London, into New York's EisnerAmper. That transaction seemed to inspire others.

Several other deals have played out since then in the accounting space, such as Bain Capital of Boston [investing](#) in Chicago-based Sikich (valued at \$250 million) and New York's New Mountain Capital [investing](#) in Chicago's Grant Thornton. Both of those occurred this year.



Contributed photos

Cohen & Co. CEO Chris Bellamy (left) and Jason Barg, a partner with private equity firm Lovell Minnick Partners.

### A 'value-add' partner

LMP makes both control and non-control investments and generally invests between \$40 million to \$150 million per deal, according to its website.

The firm states that it has raised more than \$5 billion in committed capital since its founding in 1999 and has completed more than 50 portfolio company investments and some 200 add-on deals, largely in financial and business services companies. That includes an array of businesses that provide related technology and services to companies like Cohen.

"We spend all our time in these segments," said LMP partner Jason Barg.

That specialty focus made LMP an attractive partner to Cohen, Bellamy said.

"We have a lot of history of backing great companies and great management teams that have similar services to CPA firms and have similar end markets to some of the end markets that Cohen caters to," Barg said.

"We had a view that we would like to find a CPA firm where our capabilities and our experience would be real and additive to them beyond just our capital," he added. "And Cohen hit the mark in a lot of those ways. It is a firm we knew of in the

industry as someone that collaborated with our portfolio companies over the years.”

Bellamy said Cohen went into this process of exploring investment opportunities “unsure of if we could find a value-add partner, and it became clear through the process that LMP was very much that.”

Cohen has been an active acquirer of other firms as part of its growth strategy. Its [latest M&A deal](#) involved the roll-up of Szymkowiak & Associates CPAs of New York and its sister company Pear Consultants, which expanded its footprint to the Buffalo area.

More deals should be expected in the wake of LMP investment. But the business will continue to expand as it waits for the dust to settle on this new partnership.

Bellamy said Cohen will be soon announcing an expansion to Denver. That will be achieved by compiling a group of lateral hires, which he said are not coming from any one particular firm.

This comes as the accounting industry grapples with an ongoing talent shortage that has led many large firms to send work to staff overseas. Besides crafting a firm that can draw young talent, acquiring other firms is a top strategy to grow headcount in this industry's competitive labor market.

Having a war chest for completing additional M&A deals and lateral hires in new markets will be key for Cohen as it pursues growth and the crafting of a business that continues to be a draw for available talent.

The deal with LMP marks the “next chapter” in Cohen’s story, Bellamy said.

“And we are honored to be part of this next part of their journey,” Barg said.

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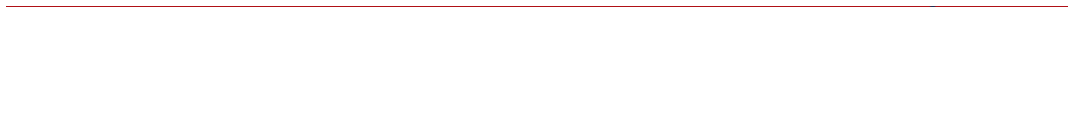
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