

CRAIN'S CHICAGO BUSINESS

Cleveland accounting firm makes Chicago its No. 2 market with acquisition

By Jeremy Nobile, Crain's Cleveland Business



Accounting firm Cohen & Co. will cement Chicago as its second-largest market area outside Northeast Ohio with the acquisition of Deer Park, Illinois-based Tassi and Co.

Financial terms of the transaction, slated to close on March 31, were not disclosed.

Tassi, founded in 1990 by its namesake Principal Joe Tassi, is a boutique accounting and consulting services business singularly focused on the real estate industry.

That service area and the firm's presence in the Chicago suburbs were the primary drivers in the deal for Cleveland-based Cohen.

“We are highly focused on growing our technical know-how and specialized niches, and real estate and construction is one of our largest practice areas,” said Cohen CEO Chris Bellamy. “The ability to not only expand what we’re doing in Chicago but expand services we offer in that national real estate and construction practice was really exciting for us.”

Cohen expanded its footprint to the Chicago Loop in 2018 with an office opened by former RSM Partner Vince Curtright. That expansion occurred just a few months after Cohen acquired Baltimore CPA firm Arthur Bell.

Since then, that downtown Chicago office has grown through lateral hires to nearly 50 people.

Tassi has a staff of about 35. Cohen intends to retain that firm’s existing location and all of its staff, who are being incentivized with financial bonuses for sticking around.

Joe Tassi said he was introduced to Cohen through a mutual contact. While the offer for a deal “came out of left field,” he said, “the more we talked with Cohen people, the more we saw there was a connection” in terms of culture and client service.

“And we were looking to expand service to our clients as well,” he said. “So there were a lot of synergies that brought us together. And we decided this was a good thing to pursue. From an overall growth perspective, we thought this was a big positive for us.”

Tassi also said that the transaction serves as a succession plan for his business, though he emphasized that he has no immediate plans to retire. He will join Cohen as a partner in the advisory area.

“As you look to the future, you say, OK, what is a good transition? Partnering up with a larger accounting firm is going to allow a smooth transition for my team as well as our clients,” Tassi said.



Credit: Cohen & Co.

Cohen & Co. is headquartered in downtown Cleveland.

With a staff of nearly 90 between the two offices in the Chicago market, that area will feature Cohen's strongest presence outside its home base.

That and a presence both in the city and in one of its suburbs should also help with recruiting in that region, Bellamy said. He added that the firm will remain open to other strategic M&A deals in that area as well.

Cohen has grown into the second-largest accounting firm in Northeast Ohio, according to Crain's research, as well as one of the area's largest privately held companies.

According to the latest rankings by Accounting Today, Cohen is the 43rd-largest accounting firm in the country with \$187.5 million in annual revenue. The company has more than 800 firmwide employees and will grow to 14 Midwest offices with the addition of Tassi.

While Cohen has long been an active acquirer, supporting its growth strategy today is Lovell Minnick Partners, a Pennsylvania-based private equity firm that acquired a minority equity stake in the company in October.

The Tassi deal marks Cohen's second acquisition since then and follows the roll up of Tax and Wealth Management Inc. of Cleveland in December.

Partnering with LMP puts Cohen in a "whole other league," particularly in terms of how it positions the business to absorb other companies moving forward, according to Allan Koltin, CEO of Chicago's Koltin Consulting Group, a firm that specializes in advising the accounting sector.

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

Jeremy Nobile writes for Crain's sister brand Crain's Cleveland Business.