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November 02, 2015

New York accounting firm buys local shop

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By [Claire Bushey](#)

An independent Deerfield accounting firm founded 60 years ago is celebrating its anniversary by selling to a larger, New York-based firm.

Frost Ruttenberg & Rothblatt, **one of the 20 largest local accounting offices by headcount**, has joined Marcum, a firm with 1,350 professionals and almost 20 times its 2014 revenue but no Midwestern office. Both firms have significant health care practices focusing on long-term care clients.



Richard Sgarlata, president of Frost Ruttenberg & Rothblatt

Frost has 117 professionals, including 16 partners, all split between its principal office in the north suburban Deerfield and a satellite in downtown Chicago. The firm posted \$19.6 million in revenue in 2014, compared to \$385 million for Marcum.

The deal closed yesterday. Terms were not disclosed.

Much of the accounting industry's recent consolidation has been driven by **a dearth of younger partners willing or able to take over independent firms.** Frost attracted plenty of market interest because it was an exception, said **Allan Koltin,** a Chicago accounting industry consultant who advised on the deal.

"Frost was courted by seven different national firms," he said. "What we had to do was literally a beauty pageant, because all seven wanted to get married."

Frost's president, Richard Sgarlata, said the firm had been looking for a merger partner for a year and had been talking to Marcum for more than three months. ("It's not as scary as we thought it would be," he joked.) As the firm's clients expanded their operations into other states, the pressure on Frost to grow its own geographic footprint increased. Clients also began to require expertise the firm didn't have, forcing them to outsource work like accounting for public companies.

"We said, 'How can we capture this and keep it all in-house?'" he said. "Our clients like that."

Sgarlata, who will become partner-in-charge for the Chicago area, said the deal will help the firm compete for talent in a market where **firms don't shy from poaching accountants.** Marcum plans to add between six and nine professionals here over the next year.

That growth will likely be concentrated in the firm's Chicago office, said Marcum managing partner Jeffrey Weiner. Like **businesses in other industries,** the firm is following millennial workers downtown. They also expect to recruit empty-nester CPAs who are ready to ditch the suburbs but not to retire.