

The *Transaction News Update*, published monthly, covers selected M&A, private equity, and credit and capital market transactions of note.

Transaction News Update

January 2023



Everything Elon, Including Entirely Fair Fairness Review

Elon Musk went to trial last week (again) as a defendant in a class action lawsuit related to his 2018 tweets about taking Tesla Inc. (NASDAQGS: TSLA) private. In April 2022, Musk won a complete victory in Delaware Chancery Court against plaintiffs who alleged Musk and the Tesla board a) breached its duty of loyalty (but not care) in approving the 2016 acquisition of SolarCity Corporation; b) enriched Musk as a controlling shareholder of both companies; and c) approved an acquisition that constituted waste. The Court adjudicated the claim under the tougher Entire Fairness Standard rather than the Business Judgement Rule in which courts generally do not second guess director decision making unless there is a breach of duties.

[>> Click here to download our review of the litigation](#)



Mercer Capital's Jay Wilson Leads Mercer Capital's Credit Union M&A Advisor Ascent

Mercer Capital is an active advisor to financial institutions undertaking mergers, acquisitions, and other significant corporate transactions involving shareholder value. Among the changes in bank M&A the past few years (industry consolidation has been underway for nearly 40 years) is the emergence of credit unions as (cash) buyers of banks. Mercer Capital was ranked by S&P Global Market Intelligence as one of the top three U.S. financial advisors to credit unions acting as bank acquirers since 2015.

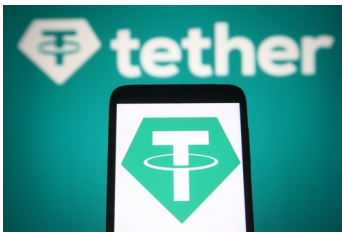
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There is an Enormous Pile of Liquidity That is Gradually Whittling Away

Sam Haskell is a long-time observer of financial services firms in both his former role as a capital markets participant and his current role as Founder and Managing Partner of Colarion Partners. His *Five Points* newsletter is published once a month on Substack and Twitter and includes pertinent insights and information regarding banks and credit markets in general. In the January 2023 edition of *Five Points*, Haskell's makes interesting observations regarding multi-family finance and private credit and the possibility of an increasingly challenging credit environment developing later in 2023.

[>> Click here to read the full article](#)



About That Still Pending Tether Audit

The carnage in the crypto ecosystem is expected to provide a variety of niche work for restructuring professionals given the domino effect of the FTX failure in late 2022. The latest domino to fall is crypto lender Genesis Global Capital, which filed bankruptcy on November 19, 2022. Among the creditors is Cameron Winklevass' firm Gemini, which placed \$900 million of client funds with Genesis.

[>> Click here to learn more](#)

One of the largest entities that has remained above the fray is Tether, whose Tether tokens are a widely accepted stable coin designed to be valued at USD \$1.00. Observers have expressed concern about Tether given the size of its balance sheet (~\$66 billion) and the absence of audits. Yet the Tether Assurance Consolidated Reserves Report as of September 30, 2022 by BDO indicates both a liquid and low-risk asset composition, though liabilities and capital (i.e., the right side of the balance sheet) have not yet been disclosed.

[>> Click here to learn more](#)

Market Snapshot

	1/13/23	10/13/22	1/13/22	Qtr Δ	Y/Y Δ
SOFR	4.30%	3.04%	0.05%	126 bps	425 bps
2-Year UST	4.19%	4.18%	0.83%	1 bps	336 bps
10-Year UST	3.52%	3.97%	1.70%	-45 bps	182 bps
BB Corp Bond Yield	6.38%	7.71%	3.65%	-133 bps	273 bps
B Corp Bond Yield	8.16%	9.81%	4.93%	-165 bps	323 bps
S&P 500	3,999	3,670	4,659	9.0%	-14.2%
NASDAQ	11,079	10,649	14,807	4.0%	-25.2%
Russell 2000	1,887	1,728	2,159	9.2%	-12.6%
	3Q22	2Q22	3Q21		
\$10-\$25M PE Deals	7.4x	6.0x	6.0x	1.4x	1.4x
\$25-\$50M PE Deals	7.8x	6.9x	7.6x	0.9x	0.2x
\$50-\$100M PE Deals	8.6x	9.1x	9.2x	-0.5x	-0.6x
\$100-\$250M PE Deals	11.9x	9.5x	9.5x	2.4x	2.4x

Source: St. Louis Federal Reserve (FRED), S&P Global Market Intelligence, GF Data®

Mercer Capital's Recent Transactions

U.S. Based Manufacturer of Flow Control and Process Equipment

Mercer Capital rendered a solvency opinion for the manufacturer related to payment of a \$210 million dividend following the sale of a business unit

— January 2023 —

Fidelity Bank

Maximum Bancshares, Inc.
West Des Moines, IA

has agreed to merge with



Savanna-Thomson
State Bank

Savanna-Thomson Investment, Inc.
Savanna, IL

Mercer Capital served as financial advisor to Maximum Bancshares, Inc. and rendered a fairness opinion

— September 2022 —

Global Management Consulting and Services Company

Mercer Capital rendered a fairness opinion in connection with a \$200 million stock repurchase transaction.

— July 2022 —

>> [Click here to see more transactions](#) <<

For more information or to discuss your needs in confidence, please contact us.



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About Mercer Capital

About Mercer Capital Mercer Capital provides investment banking, transaction advisory, and restructuring services to a broad range of public and private companies and financial institutions.

We leverage our historical valuation and investment banking experience to help you navigate a critical transaction, providing timely, accurate and reliable results. We have significant experience advising boards of directors, management, trustees, and other fiduciaries of middle-market public and private companies in a wide range of industries.

Transaction Advisory and Restructuring Services include:

- M&A Representation Services
- Fairness Opinions
- ESOP Advisory Services
- Quality of Earnings
- Bankruptcy and Restructuring Advisory
- Solvency Opinions

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