

Are Plain Mergers and Acquisitions Back?

Airlines' merger takes wing. Delta Air Lines and Northwest Airlines recently entered into a novel plan to merge their businesses. Its novel because the merger entails a mere swap of their respective stock rather than a sophisticated financing or leveraged buy out. Could this reflect a return to simple business combinations and a step away from transactions meant to conjure profit from complicated financing? No, probably not, but it may reflect the sober, no-nonsense mood in today's financial circles.

It's The Paper Trail, Stupid

Series of payments left telling trail. The evidence leading to the recent and dramatic resignation of New York's ex-Governor was not at all alluring, unless you happen to be a forensic accountant. It wasn't lipstick on his collar. Close readers of events surrounding the ex-Governor's troubles know that his series of payments to a call girl service were noted and reported to authorities when they drew a match with the politically exposed persons, or PEP, list. PEP is used by banks in complying with US Treasury transaction reporting rules. Following the money, apparently, can work.

Aloha, Bear Stearns

Wall Street giant humbled. In what some say may have signaled a near bottom to Wall Street's recent challenges, the US Federal Reserve orchestrated the sale of venerable Wall Street bond trader Bear Stearns to JP Morgan Chase. Bear Stearns, whose business involved holding vast sums of bonds for very short periods and depended on matching short term debt, found that its lenders lost confidence in the estimated values of Bear's investments, and declined to re-extend their short term loans.

Allowing this financial disfunction would have resulted in a cascade of incomplete transactions, choking lending and investing among countless counter parties in the US and elsewhere. The Fed's willingness to act so decisively and glimmers of improving corporate earnings appear to have given the market enough confidence to forestall continued serious declines in stocks.

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Business valuation Lost profits analysis Asset Management Value Driver Analysis
Business acquisition advice Profit improvement Asset recovery
Forensic accounting Receivership Fraud investigation

About CTS and Our People

Candon Todd & Seabolt moves to new location. To accommodate our growth and better serve our clients, CTS has moved to 900 Fort Street, Suite 1220, Honolulu, HI 96813.

Duane Seabolt successfully passed the examination leading to the AICPA's Accredited in Business Valuation ("ABV") designation.

Kimo Todd and *John Candon* will attend the AICPA and American Bar Association's bi-annual family law conference in May 2008.

Candon Todd & Seabolt Scholarship. Please remember the CTS Scholarship, for students in their junior or senior year of college who aspire to be financial executives. Anyone interested should contact the Honolulu Community Foundation directly.

Who We Are Candon Todd & Seabolt is an independent consulting firm, dedicated to providing the highest quality of independent, objective and confidential service to our clients. CTS has provided financial and operational consulting services to clients in Hawaii and elsewhere for over 15 years. We specialize in business valuation, lost profits and earnings calculation, asset management, acquisition advice, profit improvement, forensic accounting, corporate recovery services, and fraud investigation. CTS's professionals have extraordinary backgrounds and bring a wealth of business and personal experience to our assignments. We are dedicated to providing the highest quality of independent, objective and confidential service to our clients.

Our Clients Our clients are located throughout Hawaii and include many of Hawaii's largest businesses and law firms. We have also consulted with clients located in the U.S. Mainland, Japan, China, and Taiwan.

Talk to us.... If you would like a friend to get a copy, just let us know. If something in this newsletter caught your interest or you have a question, feel free to call at 808 533 1270 or email us from our website at www.candontoddseabolt.com

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