Christopher Helmrath

The M&A market is ignoring alarmist fears from economic doomsayers. **5A**

'Improv for Attorneys'

Program designed to teach lawyers how to use comedy skills to better serve their clients. **9A**

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Medical cannabis panel again beset by controversy

Licenses for minority companies among issues bedeviling regulators

By Bryan P. Sears

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Maryland's medical cannabis program finds itself in the center of two brewing controversies that have halted the awarding of licenses and raised new questions about whether minority-owned businesses will get a fair shot at a handful of potentially lucrative licenses.

The Maryland Medical Cannabis Commission has been no stranger to controversy and court wrangling almost since its inception and issuing of the state program's first licenses. A meeting Thursday at which the commission was expected to award four grower and 10 processor licenses was turned on its head after a Montgomery County judge issued a temporary restraining order requested by a Gaithersburg company alleging its application was unfairly nullified.

Jume Akinaggbe and her company, Remileaf LLC, claim that a flawed application submission process led to the commission extending the dead-

SEE CANNABIS 3A

The 'bump stock' ban to start on Tuesday

Sen. Robert A. "Bobby" Zirkin, D-Baltimore County, at the lectern, led a group of legislators whose bill to ban the sale of 'bump stocks' in Maryland passed during the 2018 legislative session. The ban takes effect on Tuesday. Photo by Brian Witte, the Associated Press. For a look at other new laws in Maryland, turn to 7A.

MIA to be told if data breaches affect Maryland insurance firms

By Tim Curtis

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Insurance carriers that experience a breach which could compromise the personal information of Marylanders will now have to alert the Maryland Insurance Administration under a law set to go into effect Tuesday.

The new law is similar to one that already requires all companies that discover a breach affecting Marylanders' personal information to notify those affected as well as the Maryland attorney general.

Under the new law, insurance carriers would have to notify both the attorney general and the insurance administration.

The Maryland Insurance Administration asked the legislature to pass the law so it could better help customers who have received breach notices, said Al Redmer, the state insurance commissioner

"There has been occasion where somebody will come up to one of our employees and ask about a breach because they received a notification in the mail from a carrier, but we were never notified," he said. "If we don't know that a breach has taken place that leaves us sometimes ill-prepared to respond to the questions. So naturally, we'd like to be as helpful as possible."

In addition to helping to answer questions people may have, including the Maryland Insurance Administration in the loop will help ensure that

SEE BREACH 5A

Nonprofit works to stop wrongful student suspensions

By Louis Krauss

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Facing a 15-day suspension for bringing a bottle of pepper spray to school that accidentally went off in a locker room last year, student Jewel Agu, then in ninth grade, and her mother, Terryce Elliott, were worried Agu might be forced to leave Dundalk High School.

Instead, Renuka Rege, a staff attorney at the Public Justice Center in Baltimore who helped form the Maryland Suspension Representation Project (MSRP), defended Agu in a meeting with school officials and the suspension was dropped.

"Thank God Ms. Renuka was there, because they were going to send her to another school," Elliott said. "The end result was she could go back to school the next day. It was a celebration."

SEE SUSPENSIONS 9A

Attorney Renuka Rege, left, who helped form the Maryland Suspension Representation Project, and Dundalk High School student Jewel Agu.

SUBMITTED PHOTO COURTESY OF RENUKA REGE

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M&A market is ignoring economic doomsayers

The alarmist news on economic indicators seems like a constant drumbeat these days: History says economic expansions aren't supposed to last this long, bond yields are inverted, major economies in Europe and Japan are supposedly stuck in a no-growth pattern, Brexit looms large in the headlines, and deficits are at record levels since we printed money to wiggle out of the last recession, while some advanced economies are selling negative-yield bonds to spur growth.

Meanwhile, the Federal Reserve has recently cut interest rates and is talking about more rate cuts, even though the economy is still growing and near full employment, and inflation remains in check. And then there's that trade war between the world's two largest economies.

But the fact is there are mountains of cash sitting on the sidelines, much of it held by publicly held banks and mega-corporations, many infected with that hand-wringing herd mentality. Where can they put the money, make it grow, and keep the stockholders properly sedated?

Equities? Some say these are a pretty overpriced game right now. Bonds? Foreigners, in particular, are pouring into low-yield U.S. T-bills thinking they're playing it safe, driving yields down further (while the Treasury department considers 50-year bonds — what?). REITS don't look so great, either, because commercial space has been so overbuilt (remember the recession started just by crashing REITS?)

Piles of money

But the merger and acquisition capital markets — here and abroad — are where another set of investors, primarily private equity funds, are holding mountains of cash. And they aren't behaving like the next big crash is imminent.

The M&A market is having a banner year, with investors looking for smart marriages of companies and acquisition opportunities that — if well researched — will grow their money faster than any of the more traditional investment options, especially if the acquired companies are in certain recession-resistant industries like food and beverage, I.T., or health care.

How do I know this? As the founder of SC&H Capital, the investment banking and advisory practice of SC&H Group, that's much of what I do: Lots of market detective work to find potential acquisitions or mergers involving often both well-known and little-known companies that might be attractive to investors.

Let's pick apart some of the gloom and doom predictions and interpretations of data that the media is cranking out every day, to see that maybe the M&A people are right not to lose their nerve. (There's no shortage of conspiracy theories out there, but there are smart entrepreneurs who suspect that the mostly contrarian media wants an economic downturn they can blame on the Trump administration.)

Thriving economies

First of all, some anecdotal observations: I just returned from a trip through 12 European countries, where I saw nothing but thriving economies: The airports were bustling, the cruise ships were lined up in convoys, the hotels were full, and the stores packed.

The Fed lowering rates when some argue there's no critical need yet? A gentle hint we should all report to our lifeboat stations? No, it's to spur growth. The only other way is for fiscal policy to increase government spending or cut taxes (which, of course, increases the deficit, which, I admit, no one in Washington wants to talk about any more — where'd Newt Gingrich and friends go?).

Scary bond yield curve? Totally blown out of proportion by the media. Just as the rebels in Nigeria (or the Sunni-haters in Iran) can damage some oil lines and cause the price to jump erratically (even though the oil glut is equal to a two-year global supply), the doom-and-gloom news is sending those droves of frightened foreign investors into T-bills, which artificially deflates yields.

The trade war? With a 5:1 trade imbalance that no administration previously had the spine to address, it was definitely time for some balancing. And if people want their shipload of soy beans, Harleys, and Jack Daniels that much, they'll pay the 10 percent tariff and pass it on in price hikes to the consumer.

But, again, there's nothing in the economy that will hinder profitable M&A deals. Of course, technology will change the way things are done. I noticed that the level of automation in many areas of Europe was way ahead of the U.S., and the almost scary tracking of consumers' habits by computers and cellphones is giving retailers, for instance, vastly more information about all of us.

And there are other challenges out there even when investing in companies, from how to protect data — and how government regulation could redefine who owns your data — to a shortage of skilled workers. That shortage of talent must be carefully managed with novel ways to retain a new generation of workers that is looking for a lot more than a cubicle, a Christmas party, and a gold watch — access to an appropriate labor force is a huge valuation driver for sellers in M&A due diligence.

But frankly, I see the current M&A market not only as a repudiation of many of the headlines and predictions, but also as a fairly bullet-proof bet for those investors — and that's proving itself in deal after deal.

Christopher Helmrath is the managing director of SC&H Capital, the investment banking and advisory practice of SC&H headquartered in Sparks.

Wells Fargo goes to competitor for its new leader

Associated Press

AP FILE PHOTO/PATRICK SEMANSKY

Bank of New York Mellon Chairman and CEO Charles Scharf, left, testifies before the House Financial Services Committee during a hearing in April. Wells Fargo is naming Scharf to lead the bank, which has been plagued by scandal in recent years.

NEW YORK — Wells Fargo named its third CEO in as many years as it attempts to move on from a series of scandals.

The bank said Friday that Charles Scharf, chief executive of the Bank of New York Mellon, will take over for C. Allen Parker, who has led Wells Fargo since March.

Parker will remain in place until Scharf joins the bank on Oct. 21.

Wells Fargo has been trying to recover from scandals starting in 2016 when it admitted its employees opened millions of fake checking accounts to meet sales goals.

The San Francisco-based bank has been fined repeatedly, including a record $1 billion penalty in 2018 levied by federal regulators for failures in its mortgage lending businesses and for selling auto loan customers insurance policies they did not need.

More importantly, the Federal Reserve last year stepped in and handcuffed Wells' ability to grow its business until the bank proves it has gotten its house in order.

Tim Sloan, who had been Wells Fargo's CEO since the scandals originally broke, stepped down after what many considered a poor performance defending the bank in front of Congress in March.

Scharf has been CEO of the decidedly uncontroversial Bank of New York Mellon since July 2017 and previously was the CEO of Visa.

BNY focuses almost entirely on being what's known as a custodial bank — holding large amounts of assets on behalf of clients. It has no consumer banking business, which is Wells Fargo's core franchise.

BNY's quiet nature was on display earlier this year, when several of the big bank CEOs were dragged in front of Congress to discuss how they were doing 10 years after the financial crisis.

While members of Congress went after JPMorgan's Jamie Dimon and Goldman Sachs' David Solomon, they mostly ignored Scharf and the CEO of his primary competitor, State Street.

Scharf will receive a hefty paycheck for joining Wells.

The bank says he will earn a base salary of $2.5 million, plus a guaranteed $5 million bonus and $15.5 million in stock awards that will vest over several years.

Breach >> New Md. law will require insurers to notify MIA of data compromises

Continued from 1A

breach notices include all necessary information, Redmer said.

The notices must include: a brief description of the circumstances of the breach, a copy of any notices sent to consumers and a copy of the notice of the breach notice sent to the attorney general.

Breaches affecting personal information, particularly attacks from outside bad actors, have been on the rise.

The Office of the Attorney General posts the breach notices it receives online. In 2015, 482 breach notices were posted by the attorney general's office. Through July this year, there have been 738 notices posted.

The new law applies to most aspects of the insurance industry, including insurers, nonprofit health plans, health maintenance organizations, dental organizations, managed care organizations, managed general agent, and third-party administrators.

Redmer was careful to note that the law does not mean that these entities are at increased risk of a cyber attack. But they are likely targets, he said.

"Certainly, any company that handles personal financial information or personal health information is a target for bad actors around the world," he said. "Certainly they are at risk, they are a target. I can tell you that most insurance companies are targeted every single day, if not all day long, by bad actors trying to penetrate their systems."

With that risk in mind, the insurance administration considers carriers' cybersecurity setup when evaluating them as part of its regulatory duties.

When Redmer became insurance commissioner in 2015, he made evaluating cybersecurity at firms one of his priorities. Most large carriers are aware of the issues.

But it is the smaller companies, maybe the one-or-two employee shops, that need more resources because of their size, he told The Daily Record last year.