

Sullivan & Cromwell, Cooley Steer Ally's \$275M TradeKing Buy

By **Matthew Perlman**

Law360, New York (April 6, 2016, 1:50 PM ET) -- Ally Financial Inc. said Wednesday it plans to expand its financial services offerings and has agreed to purchase online brokerage TradeKing Group Inc. for \$275 million, in a deal guided by Sullivan & Cromwell LLP and Cooley LLP.

The move needs regulatory approval from the Financial Industry Regulatory Authority, and also must comply with the Hart-Scott-Rodino Antitrust Improvements Act, Ally said in a statement announcing the agreement. The company expects the deal to close in third quarter of this year, the statement said.

Based in Detroit, Ally has long offered consumer auto financing and dealer services, formerly as GMAC Inc. The company also provides commercial financing products and operates an online bank. The TradeKing purchase is intended to expand the bank group's services to include an online broker-dealer, a portfolio management platform and educational tools, according to Ally CEO Jeffrey Brown. He said these additions will give the bank access to a growing market and open up new streams of revenue.

"The addition of wealth management is the next key step in Ally's digital product evolution and will create a powerful combination of segment-leading direct banking and innovative investment services in a single integrated customer experience," Brown said in a statement. "This transaction presents a compelling opportunity for customers and a logical growth opportunity for Ally."

TradeKing is headquartered in Fort Lauderdale, Florida, and employs about 180 people, Ally said. It has about \$4.5 billion in client assets and 260,000 funded accounts. TradeKing CEO Don Montanaro said his company's customers will benefit from the Ally purchase and so will the company itself.

"This is great news for our clients and our teammates, as we will continue to bring innovation and outstanding value to the marketplace, only now with the power and breadth of services of the Ally brand in our corner," Montanaro said in the statement. "We look forward to being part of this modern digital financial services company."

Ally said that the deal will not impact the company's existing plan to repurchase \$700 million in Series A preferred stock, but that the company will push back plans to redeem \$500 million of trust preferred securities.

Once known as GMAC, Ally had served as the preferred lender for Detroit auto giants such as General Motors Co. and Chrysler Group LLC, before rebranding in 2010 under the Ally Financial flag. The company struggled during the economic downturn and received a total of \$17.2 billion in cash injections

from the government under the U.S. Department of the Treasury's Troubled Asset Relief Program. The U.S. eventually recovered \$19.6 billion from Ally after a series of stock sales and completed its exit from the company in December 2014.

Last year Ally completed a sell-off of its international operations to focus on the U.S. All told, the company netted \$9.4 billion in proceeds from the sale of its interests in operations located in China, Europe and Latin America.

Ally is represented in the TradeKing deal by a Sullivan & Cromwell LLP team that includes C. Andrew Gerlach, Eric M. Diamond, S. Eric Wang, Michelle H. Lu, Marc Trevino and Regina L. Reading.

Goldman Sachs Group Inc. is serving as Ally's financial adviser.

TradeKing is represented by a Cooley LLP team led by Kevin Mills and including Derek Colla, Kerry Killeen, Paris Waterman, Dave Walsh, Stacy Crosnicker, Lesse Castleberry, Stephanie Gentile, Jackie Grise and Megan Browdie.

Bank of America Merrill Lynch is serving as TradeKing's financial adviser.

--Additional reporting by Benjamin Horney, Zachary Zaggar and Morgan Bettex. Editing by Edrienne Su.