



White Knights or Machiavellians? Understanding the motivation for reverse takeovers in Singapore and Thailand

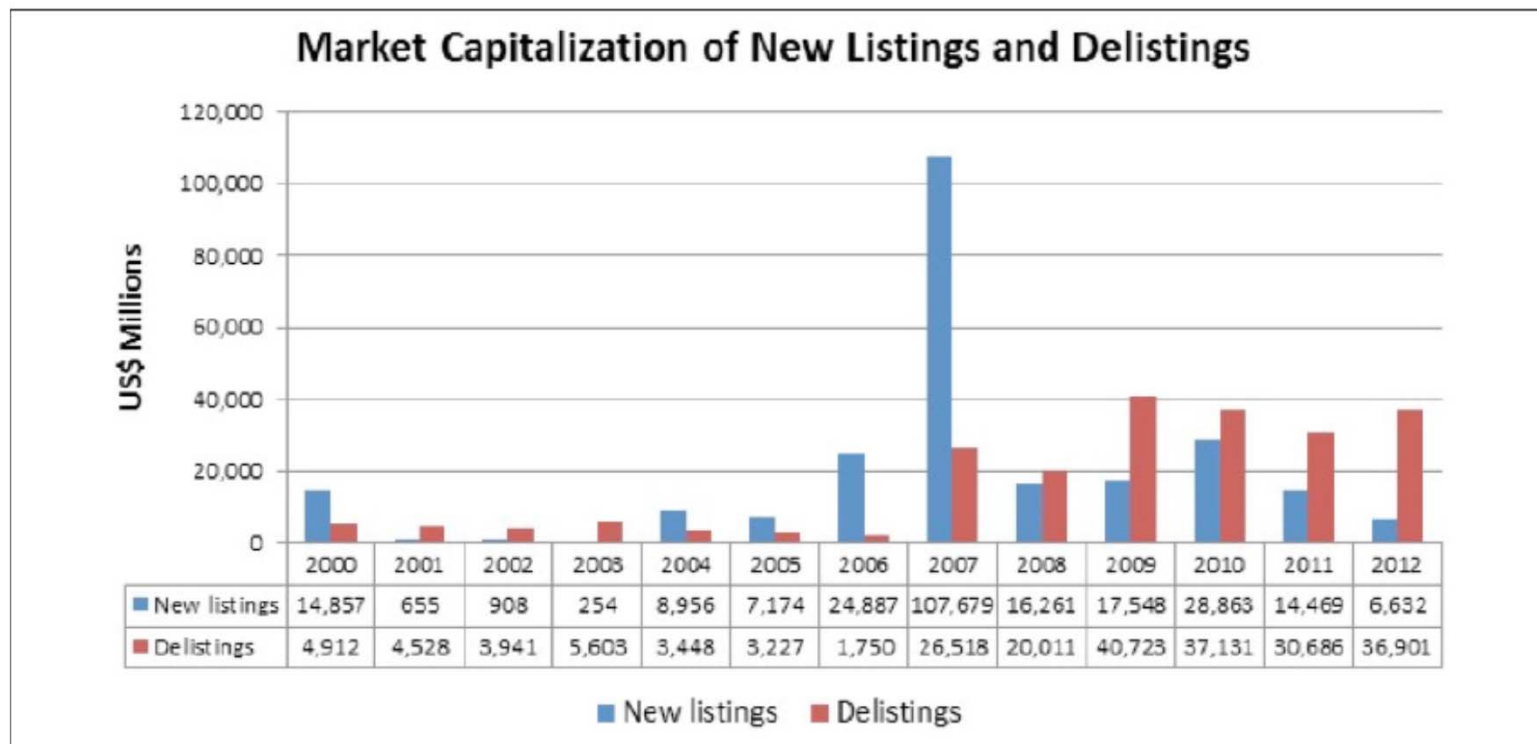
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SEC Working Paper Forum 2017



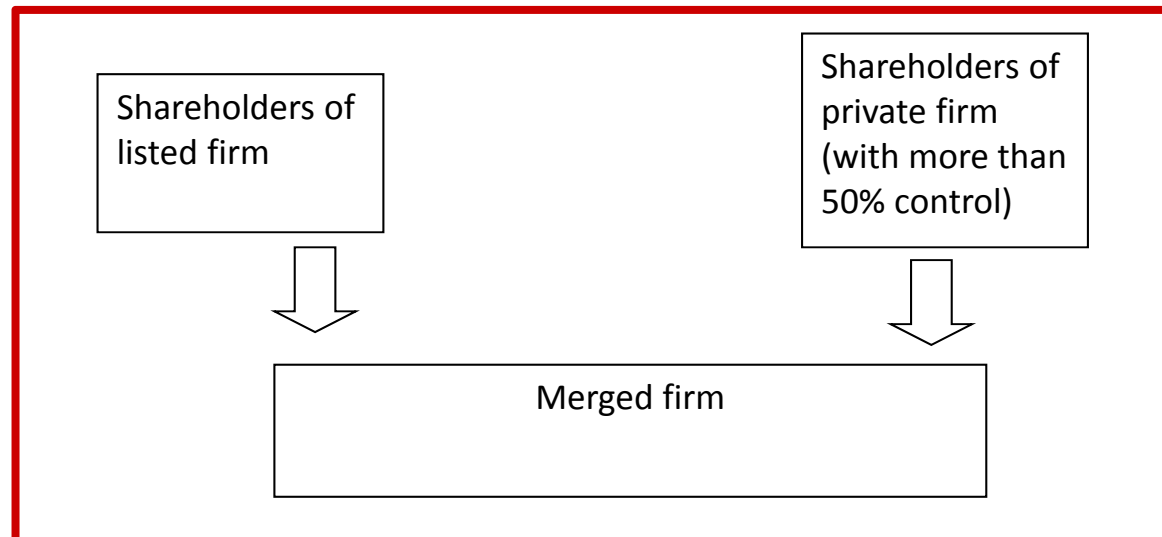
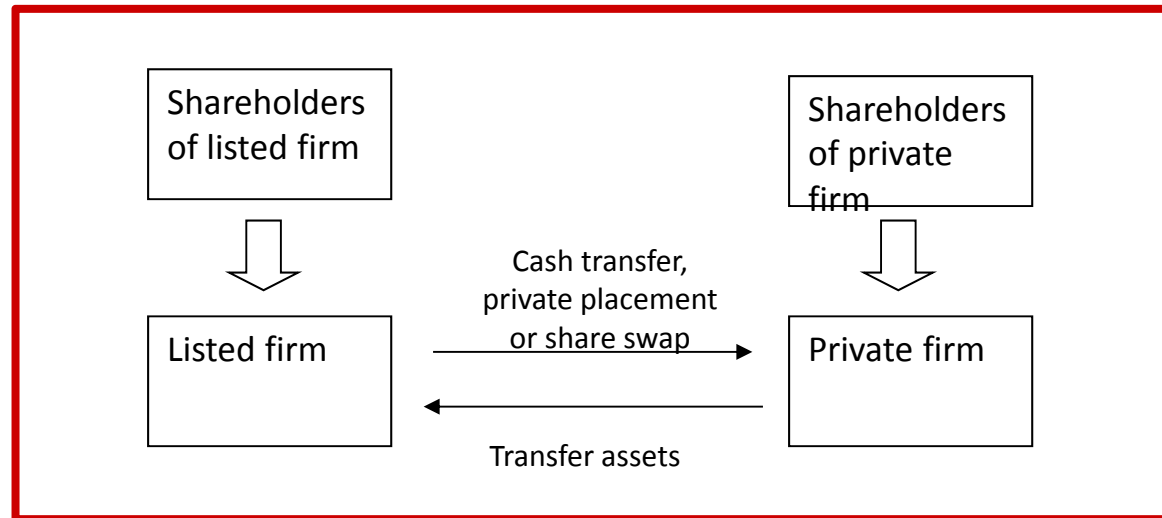
Life after IPOs

- Pour and Lasfer (Journal of Banking and Finance, 2013): Using UK delisted firm samples (1995-2009), delisting occur about four years after IPO on London's Alternative Investment Market (AIM).
- Park, park, Shiroshita, and Sun, 2014 EFA Proceeding: Wealth effect of involuntary delisting between 2002-2012 in Japan is -70%. (TSE, Osaka, etc.)
- Saengow (MIF, Thammsat, 2015) Using IPOs between 2002-2005, 10 out of 93 firms posted NC status. The probability of becoming delisted increases considerably after year 6 of listing.

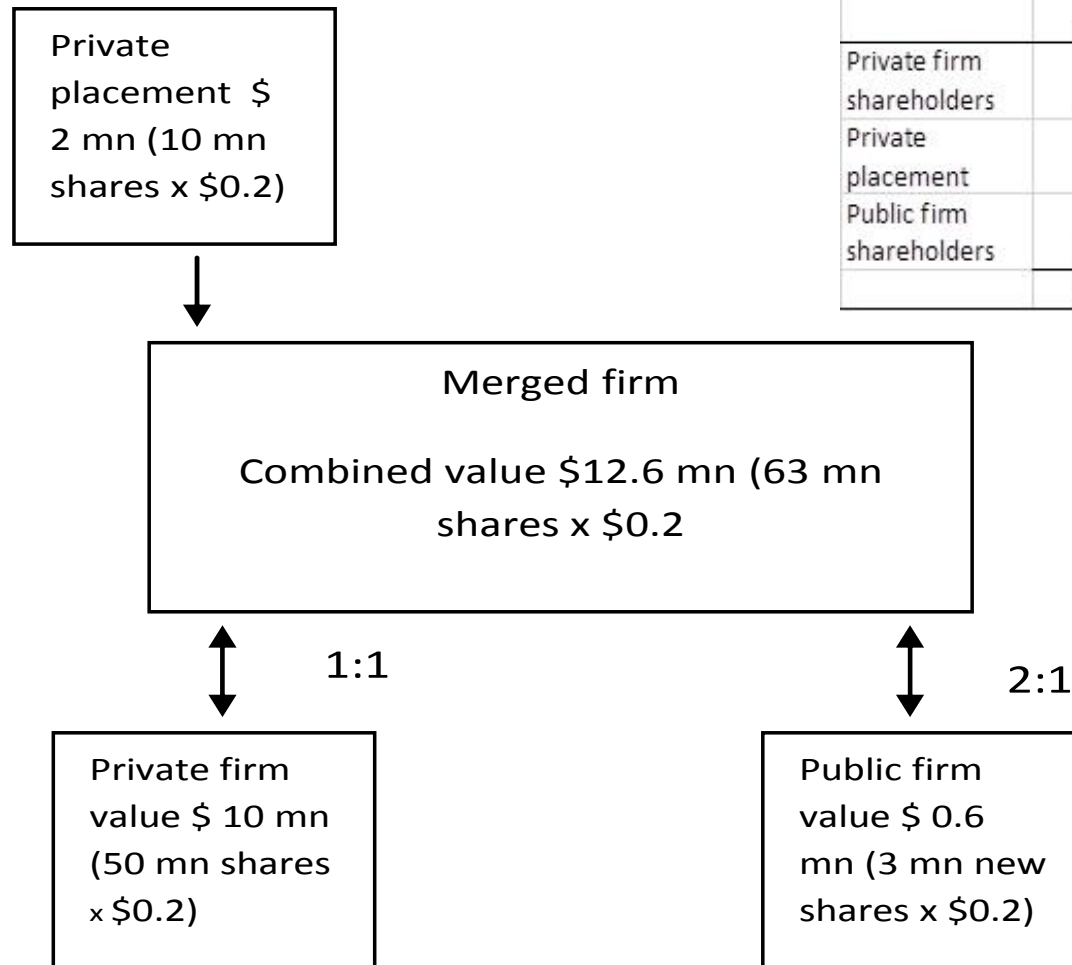


Source: World Federation of Exchanges (2014).

Illustration of reverse takeover

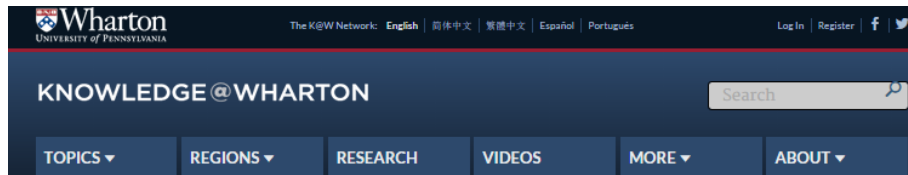


Controlling structure in reverse takeovers



| | Value \$ mn | No of shares | % Own |
|------------------------------|----------------|-----------------|-------|
| Private firm shareholders | 10 | 50 | 79% |
| Private placement | 2 | 10 | 16% |
| Public firm shareholders | 0.6 | 3 | 5% |
| | 12.6 | 63 | 100% |

Many facets of RTOs



FINANCE

Reverse Mergers: Cross-border Regulation or Cold War with China?

Feb 12, 2013

Asia-Pacific, China, North America



In the last several years, many small- to medium-sized Chinese companies found a way to trade on the New York Stock Exchange and NASDAQ through an obscure transaction called a reverse merger. Through these transactions, both U.S. and foreign companies can gain access to U.S. capital markets by merging with a U.S.-listed "shell" company without going through a more involved initial public offering (IPO).

However, according to U.S. regulators, shareholders' attorneys and others, the financial statements of many Chinese reverse-merger firms weren't altogether legitimate. James Doty, chairman of the U.S. Public Company Accounting Oversight Board (PCAOB), oversees auditors of U.S.-listed companies and has been actively negotiating with Chinese



ASX and availability of shells

SHELL BE RIGHT


Recent and proposed back-door listings

| New entity | Ticker | Activity | Proposed raising \$m | Shell | Previous activity |
|-----------------------------------|--------|-----------------------------------|----------------------|-----------------------|--------------------------|
| LionHub Group | LHB | Chinese property | \$7-12 | Arasor | Electro-optical |
| Digital CC | DCC | Bitcoins | \$9 | Macro Energy | Oil exploration |
| Sandon Capital | SDO | Listed investment company | \$35 | Global Mining Invests | Resources investment |
| Reproductive Health Sciences | AOM | IVF | \$2.4 | AO Energy | Minerals exploration |
| Ziptel | SKL | SIM cards | \$3 | Skywards | Nickel exploration |
| Ecopropp | CKK | Fracking proppants | \$3 | Coretrack | Drilling |
| Roxy Casino | CAQ | Cambodian casinos | \$0 | Cell aquaculture | Barramundi farming |
| YPB | AUV | Anti-counterfeiting | \$3-6 | AUV Enterprises | Sapphire exploration |
| Dairy Farm Investments | APA | Dairy farming | \$6-10 | APA Fin Services | Portfolio administration |
| Future Generation Investment Fund | AIX | Charity listed investment company | \$100-200 | Aust Infra Fund | Airport ownership |

Source: The Australian Business Review: July 2014







Why do a reverse takeover?




January 23, 2014

 Read later

Caitlin Fitzsimmons

For technology firm Bulletproof, it made perfect sense to use a mining company's shell to list rather than do an IPO.

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It is possibly the 21st century Australian equivalent of swords to ploughshares: a technology company doing a reverse takeover of a mining company.

While there has been a lot of focus on initial public offerings in the technology space lately, with high-profile floats such as Matt Barrie's [Freelancer.com](#), the founders of Bulletproof Networks opted to list on the Australian Securities Exchange via a reverse takeover of mining company Spencer Resources instead.

The company is now on the ASX with the ticker BPF, opening on Thursday at 50c and falling to 41c by 11am.



Anthony Woodward and his co-founders will own about 73 per cent of Bulletproof Networks after a reverse takeover.

TSE vs OSE: Strategic consolidation








33°C P/SUNNY
TOKYO (1 p.m.)

MARKETS 124 ¥/\$ (12 a.m.)

The Japan Times

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BUSINESS / ECONOMY

TSE merger with Osaka bourse up, running

KYODO

The Tokyo and Osaka bourses integrated the trading of shares Tuesday at the Tokyo Stock Exchange, making it the world's third-largest exchange by number of listed companies.

Japan Exchange Group Inc., created this year through the merger of the operating companies of the TSE and the Osaka Securities Exchange, aims to attract more foreign funds by boosting trading efficiency through the integration to meet fierce international competition.

"Now I can breathe a little easier," TSE President Akira Kiyota said at the start of trading, which went off without a hitch and saw the Nikkei 225 stock average

JUL 16, 2013

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BUSINESS

- [Spending slips as consumer prices inch](#)

Importance of study on RTOs

- Regulators need to strike balance between investor protection without delineating potential firms to enter the exchanges.
- Anecdotal evidence suggests firms that choose to list via RTOs (*back-door listing*) are low quality firms and that these transactions can be associated with pump-and-dump schemes.
- Evaluation on the merits of RTOs should be based on different regulations on each exchange (Vermeulen, 2014)

Research questions posed

- What are the characteristics of firms involved in RTO transactions?
- What is the investors' experience in RTO transactions over short and long-term periods?
- What is the financial accounting performance of the merged entity?

Agenda

- Existing research on RTOs
- RTO rules on Singapore and Thai Exchanges
- Data source and empirical methods
- RTO characteristics and empirical results
- Conclusions and policy discussion

What we know and don't know about RTOs?

Existing literature

- Signaling via listing mode
 - Gleason et al. (2005) Adjei, Cyree, and Walker (2005) และ Floros and Shastri (2009) Carpentier, Cumming, and Suret (2009)
- Legal and regulatory critique
 - Sjostrom, 2008, Winyuhuttakit (2011), Pakov (2006), and Vermeulen , 2014

Further explorations

- RTOs must be evaluated based on different regulatory environments
- If the regulations on RTO listing are similar to IPOs then why list via RTOs?

RTO rules in Singapore and Thailand

| Method | Computation |
|-------------------------------|---|
| Net tangible asset (NTA) | $\frac{\text{Equity increase} \times \text{NTA of listed firm}}{\text{NTA of listed firm}}$ |
| Net income | $\frac{\text{Equity increase} \times \text{Net income of listed firm}}{\text{Net income of listed firm}}$ |
| Total considerations | $\frac{\text{Total consideration paid to listed firm}}{\text{Total assets of listed firm}}$ |
| Equity value | $\frac{\text{New equity increase}}{\text{Total equity of listed firm}}$ |
| Proven and probable reserves* | $\frac{\text{Proven and probable reserve to be disposed}}{\text{Total group proven and probable reserves}}$ |

Source: SGX rule book Chapter 10 section 1006 and SEC circular 20/2551

*Applies to SGX rule book Chapter 10 section 1006

IPOs vs RTOs: Process

Table 1 IPOs vs RTOs: Process

| IPO | RTO |
|--|--|
| (1) Prelisting restructuring and due diligence of firm in order to comply to listing criteria and ready firm for public disclosure. | (1) Negotiation and due diligence between the listed firm and the private (outsider) firm leading to an MOU or sale and purchase agreement (SPA). |
| (2) Preparation of prospectus and application submission to SEC and SET. The prospectus contains disclosures required regarding business and firm. | (2) Preparation of circulars to shareholders and for stock exchange approval. Circulars contain description of the transactions, financial information of target group and merged group. |
| (3) Public exposure: Road shows, nomination of underwriter, and share subscription and distribution. | (3) Obtain approval from extraordinary shareholder meeting (EGM). |
| (4) Trading commences | (4) Disposal of assets of listed firms (if necessary) and mandatory tender offer. Acquisition completed and trading of merged group begins. |

Data source and overview

- RTO cases in Singapore and Thailand 2007-2015
- List of RTO cases from SGX website (under “Catalodge” submenu) and Thai SEC websites
- Listed firm circulars and announcements
<http://infopub.sgx.com> and <https://www.set.or.th/set>
- IFA reports
- Key event dates: MOU and EGM

Measuring short-term response to RTO announcements

The sample consists of 47 firms on Singapore and Thai exchanges. The table reports cumulative market model abnormal return for RTO announcements (MOU date). Define abnormal return as $AR_{it} = R_{it} - E(R_{it} | \Omega_t)$ where AR_{it} , R_{it} , and $E(R_{it} | \Omega_t)$ are the abnormal, actual, and normal returns respectively. The conditioning information, Ω_t is the market return. Cumulative abnormal return

between days τ_1 and τ_2 is derived from $CAR_{it} = \sum_{t=\tau_1}^{\tau_2} AR_{it}$. The standard cumulative abnormal return

is $SCAR_i(\tau_1, \tau_2) = \frac{CAR_i(\tau_1, \tau_2)}{\sigma_i(\tau_1, \tau_2)}$. T-test statistics are tests for the null that CAR and SCAR are equal to

zero. P-values relating tests of group mean and median differences are in italics.

Measuring, benchmarking, and bootstrapping BHARs

- T1- T2 is trading days, the conditioning information Ω is market return

$$BHAR_{i(T_1, T_2)} = \prod_{t=T_1}^{T_2} (1 + R_{it}) - \prod_{t=T_1}^{T_2} (1 + E[R_{it} | \Omega_{it}]),$$

- Benchmark portfolios (control samples) selected by first eliminating top third market capitalization firms from Singapore and Thai exchanges.
- Next, firms sorted into decile groups by price and top decile price range is eliminated.
- Assume event firm abnormal returns are independent as RTO occurrence is random and spread out.
- Assign evaluation date to a randomly selected control group firms, then compute mean BHAR for the pseudo sample resulting in one pseudo sample mean.
- Repeat previous step to generate 1,000 BHAR means and bootstrap distribution under null.

Findings: RTO Characteristics

- 56% RTO transactions are on Singapore secondary board whereas around 47% are on Thai secondary board.
- RTO transactions are evenly split between distressed vs non-distressed firms and within industry vs between industry transactions.
- Premiums received on new consolidated share price of distressed firms are 36% compared to non-distressed of 9.3%, but this is primarily due to substantially lower VWAP of distressed group.
- Days from MOU to EGM runs around three months to one year.
- Up to 31% and 67% of RTO firms in Singapore and Thailand use mixed mode payment involving combination of share swap with cash/warrants is indicative of incoming firm's concern of valuation uncertainty and potential bargaining power they have on incumbent firms.
- Singapore RTOs involved with international firms.

Characteristics of sample

| Characteristics: | Singapore | | | | Thailand | | | |
|----------------------|-----------|----------|--------------|--------------|----------|----------|--------------|--------------|
| | All | Distress | Non-distress | P-value diff | All | Distress | Non-distress | P-value diff |
| Main board | 14 | 9 | 5 | | 8 | 6 | 2 | |
| % Main Board | 44% | 28% | 16% | | 53% | 40% | 13% | |
| Secondary | 18 | 13 | 5 | | 7 | 4 | 3 | |
| % Secondary | 56% | 41% | 16% | | 47% | 27% | 20% | |
| Same industry | 14 | 7 | 7 | | 8 | 3 | 5 | |
| Different industry | 18 | 15 | 3 | | 7 | 5 | 2 | |
| % Different industry | 56% | 47% | 9% | | 47% | 33% | 13% | |
| Deal value (LCY mn) | 279 | 324 | 151 | 0.124 | 2,701 | 1,185 | 4,349 | 0.063 |
| | (141) | (150) | (35.6) | 0.086 | (1,725) | (763) | (3,187) | 0.032 |
| Relative size | 12.17 | 14.6 | 5.61 | 0.213 | 7.36 | 7.98 | 5.48 | 0.390 |
| | (1.96) | (2.49) | (0.58) | 0.079 | (6.15) | (8.55) | (2.97) | 0.224 |
| Premium* | 42% | 35.7% | 9.3% | 0.517 | 149% | 13.8% | -15.5% | 0.325 |
| | (-6.9%) | (11.2%) | (-14.1%) | 0.432 | (-7.1%) | (-2.1%) | (-12.7%) | 0.245 |
| VWAP (LCY) | 0.12 | 0.08 | 0.19 | 0.017 | 7.86 | 3.69 | 9.66 | 0.396 |
| | (0.09) | (0.05) | (0.15) | 0.0008 | (1.87) | (1.75) | (2.00) | 0.648 |

Characteristics of sample

| Characteristics: | Singapore | | | | Thailand | | | |
|--------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| | All | Distress | Non-distress | P-value diff | All | Distress | Non-distress | P-value diff |
| VWAP (LCY) | 0.12 (0.09) | 0.08 (0.05) | 0.19 (0.15) | 0.017 0.0008 | 7.86 (1.87) | 3.69 (1.75) | 9.66 (2.00) | 0.396 0.648 |
| Days from MOU to EGM | | 260 | 222 | | | 79 | 65 | |
| Day from MOU to completion | | 321 | 371 | | | 217 | 88 | |
| Stock swap | 22 | 15 | 7 | | 5 | 4 | 1 | |
| %Stock swap | 69% | 47% | 22% | | 33% | 27% | 7% | |
| Stock swap with cash/warrants | 10 | 7 | 3 | | 10 | 4 | 6 | |
| %Stock swap with cash/warrants | 31% | 22% | 9% | | 67% | 27% | 40% | |
| Foreign counter-party | 18 | 15 | 3 | | None | None | None | |
| % Foreign | 56% | 47% | 9% | | | | | |
| %EPS growth 3 year pre-MOU | 111% | -153.1% | -83.6% | 0.542 | -176% | -237.3% | -154.3% | 0.463 |
| | (-79.7%) | (-86.1%) | (-52.4%) | 0.075 | (-92%) | (-232.5%) | (-91.7%) | 0.648 |
| %Rev growth 3 year pre-MOU | -7.4% | -11.6% | 1.2% | 0.433 | -33.1% | -46.5% | -16.2% | 0.171 |
| | (-14.19%) | (-31.5%) | (0.03%) | 0.086 | (-30.5%) | (-30.5%) | (-17.4%) | 0.196 |

Findings: Investor's experience

- Market gradually responds positively to MOU announcements. CAR drifts up 29% over course of 20 days before and after.
- BHAR of RTO samples are higher than controlled sample.
- BHAR of non-distressed RTOs are higher than distressed RTOs.
- BHAR is decreasing in relative deal size and future changes in book value to equity.
- Liquidity shows improvement post announcements as indicative in lowered spreads, turnover doubling in Singapore RTOs and increasing 64% in Thai RTOs 12 months.

Empirical methods and results: Market gradually learns about forthcoming MOU and MOU is event date carrying most information

Figure 1 Plot of cumulative market model abnormal return for RTO announcements (MOU date)

This figure plots the cumulative market model abnormal return for RTO announcements (MOU date). Define abnormal return as $AR_{it} = R_{it} - E(R_{it} | \Omega_t)$ where AR_{it} , R_{it} , and $E(R_{it} | \Omega_t)$ are the abnormal, actual, and normal returns respectively. The conditioning information, Ω_t is the market return.

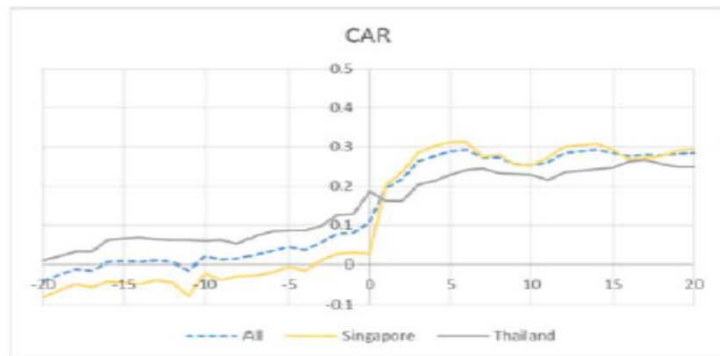


Figure 1 a All sample and by market

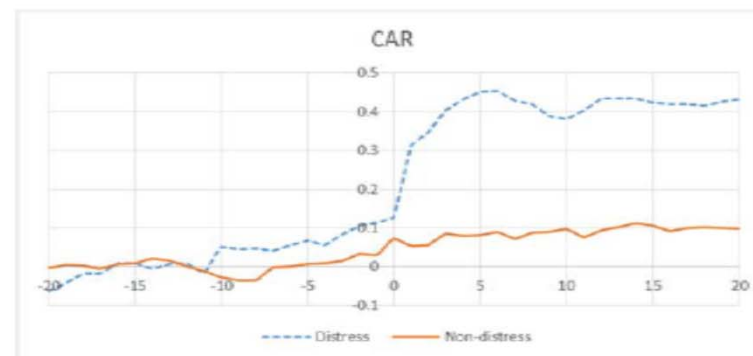


Figure 1 b Distressed vs non-distressed

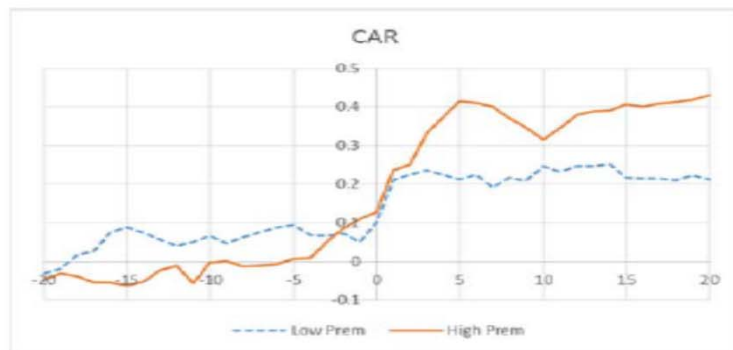


Figure 1 c Low vs high premium

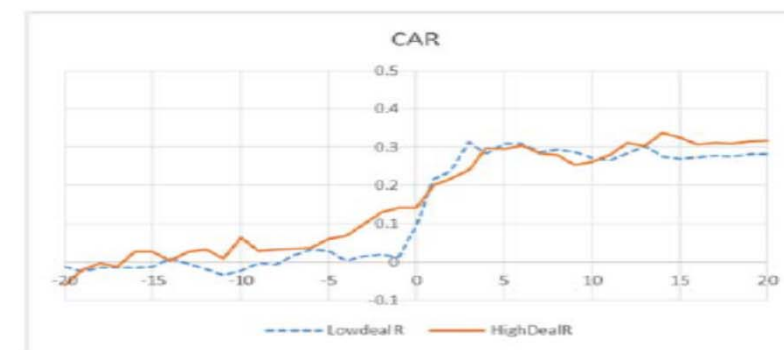


Figure 1 d Low vs high relative deal size

Empirical methods and results: Formal tests of CAR and SCAR with varying event windows around MOU showing distressed vs non-distressed performance significantly different.

| | Event window | CAR | t-CAR | SCAR | t-SCAR |
|-------------------------|--------------|--------|---------|--------|--------|
| All | [-10, 10] | 0.204 | 3.31*** | 1.402 | 2.46** |
| | [-20, 20] | 0.218 | 2.82*** | 1.119 | 2.63** |
| | [-10, 0] | 0.095 | 2.37** | 0.731 | 2.59** |
| | [-20, 0] | 0.085 | 1.55 | 0.589 | 2.44** |
| | [0, 10] | 0.132 | 2.22** | 1.328 | 2.15** |
| | [0, 20] | 0.156 | 2.74** | 1.063 | 2.44** |
| Distress | [-10, 10] | 0.288 | 2.99*** | 1.796 | 1.98* |
| Non distress | [-10, 10] | 0.084 | 1.81* | 0.796 | 2.11* |
| Distress-Non-distress | [-10, 10] | 0.204 | | 1.00 | |
| Diff p-value | | 0.0673 | | 0.3194 | |
| Diff p-value Wilcoxon | | 0.0990 | | 0.3370 | |
| Low relative deal size | [-10, 10] | 0.207 | 2.40** | 1.731 | 1.68* |
| High relative deal size | [-10, 10] | 0.201 | 2.22** | 1.092 | 1.94* |
| High-Low | | -0.006 | | -0.64 | |
| Diff p-value | | 0.5604 | | 0.5918 | |
| Diff value Wilcoxon | | 0.5677 | | 0.5522 | |
| Low Premium | [-10, 10] | 0.135 | 1.75* | 0.769 | 2.31** |
| High Premium | [-10, 10] | 0.306 | 3.00*** | 2.19 | 1.97** |
| High-Low | | 0.171 | | 1.42 | |
| Diff p-value | | 0.1798 | | 0.2369 | |
| Diff value Wilcoxon | | 0.2311 | | 0.3391 | |

Empirical methods and results: Non-distressed RTO firms outperforms control sample

| Panel A | | | | |
|----------------|--------------------|------------------------|-----------------------|----------------------|
| | RTO sample BHAR | Control Sample BHAR | Two-sided p-values | Bootstrap p-value |
| Mean | 0.006 | -0.008 | 0.1992 | < 0.0001 |
| Median | -0.176 | -0.189 | (0.2516) | |
| SD | 0.816 | 0.758 | | |
| Skewness | 7.380 | 9.580 | | |
| Panel B | | | | |
| | BHR | BHAR | Two-sided p-value | Bootstrap p-value |
| Distressed | | | | |
| Mean | 0.0127 | -0.0601 | 0.6228 | 0.366152 |
| Median | -0.1269 | -0.242 | (0.7245) | |
| SD | 0.9900 | 1.025 | | |
| Skewness | 2.157 | 2.895 | | |
| Non-distressed | | | | |
| | BHR | BHAR | | |
| Mean | 0.1878 | 0.0840 | 0.0538 | < 0.0001 |
| Median | -0.0596 | -0.0521 | (0.0731) | |
| SD | 0.6929 | 0.4849 | | |
| Skewness | 1.643 | 2.2335 | | |

Empirical results: Determinants of BHARs

Table 6 Determinants of BHARs

This table reports the coefficients from three OLS models with white corrected t-statistics. The dependent variable is BHARs of 47 RTO sample firms from Singapore and Thai exchanges. Relative deal size is computed from deal size divided by listed firms' assets in pre-MOU year. Premium is pre-consolidation issue price relative to 3-month pre-MOU value weighted average unadjusted closing price (VWAP) of listed firm. Percentage changes in return on assets (ROA) and net profit margin (NPM) is change over one year from MOU. Turnover is computed from average annual turnover (number of shares traded/total number of shares outstanding).

| | Model 1 | | Model 2 | | Model 3 | |
|--------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | Estimate | t-value | Estimate | t-value | Estimate | t-value |
| Relative deal size | -0.0239 | -2.63** | -0.0203 | -2.65*** | -0.0209 | -2.94*** |
| Premium | -0.0387 | -0.64 | -0.0352 | -0.52 | 0.0159 | 0.22 |
| %Chg. Book Equity | -0.0049 | -6.03*** | -0.0048 | -3.47*** | -0.0037 | -2.49** |
| %Chg. ROA | | | -0.0242 | -0.27 | -0.1001 | -0.91 |
| %Chg. NPM | | | -0.0326 | -0.29 | 0.0928 | 0.51 |
| lnTurnover | | | | | 0.1283 | 2.06** |
| Distress | | | | | 0.0706 | 0.31 |
| AdjRsq | 0.1892 | | 0.1429 | | 0.2452 | |
| Pr > F | 0.0376 | | 0.1203 | | 0.0598 | |

Note: **, and *** denotes statistical significance at 5% and 1% confidence.

Empirical results: Liquidity of RTO firms

Table 8 Liquidity of RTO firms by exchange

This table reports liquidity measures of RTO sample firms. Percentage day- end bid-ask spreads computed from (ask-bid)/closing price 12 months worth of daily averages and median (in parentheses) before MOU and 12 months after MOU. Turnover is defined as percentage daily average number of shares traded divided by total number of shares outstanding. Daily outlier observations at 1% and 99% are removed. Parametric p-values and non-parametric p-values (in parentheses) are provided.

| Measure | All | | Singapore | | Thailand | |
|------------------|-------------------|--------------------------------|-------------------|----------------------------|------------------|----------------------------|
| | Liquidity | p-value | Liquidity | p-value | Liquidity | p-value |
| % Bid-ask spread | | | | | | |
| 12 months before | 10.67% (5.00%) | | 13.99% (8.33%) | | 1.39% (1.09%) | |
| 12 months after | 9.84% (2.94%) | 0.0378 ($< .0001$) | 8.68% (5.47%) | (0.0937) ($< .0001$) | 0.95% (0.75%) | $< .0001$ ($< .0001$) |
| % Turnover | | | | | | |
| 12 months before | 0.82% (0.08%) | | 0.40% (0.03%) | | 1.58% (0.38%) | |
| 12 months after | 1.10% (0.10%) | ($< .0001$) ($< .0001$) | 0.85% (0.03%) | $< .0001$ ($< .0001$) | 2.59% (0.65%) | 0.0002 ($< .0001$) |

Findings: Financial performance of RTOs (46 of 47 sample firms)

- Non-distressed firms in general are in better shape than distressed firms all the way through.
- Both distressed and non-distressed firms see improvement in EPS and net profit margin post MOU.
- However, only ROA and ROE of distressed firms improvements are statistically significant.

Empirical results: Key financial ratios

| | Distressed | Non-distressed | Difference | t-stat | p-value |
|--------------------------|--------------|----------------|------------|--------|---------|
| EPS | | | | | |
| Before | 0.017 | 0.202 | -0.186 | 0.83 | 0.4193 |
| 3 years after | 0.067 | 0.193 | -0.125 | -0.81 | 0.4398 |
| Paired mean diff | 0.018 | -0.251 | | | |
| t-stat (p-value) | 0.75 (0.473) | -0.9 (0.399) | | | |
| Net profit margin | | | | | |
| Before | -0.196 | -0.026 | -0.170 | -1.96 | 0.061 |
| 3 years after | 0.001 | -0.007 | 0.008 | 0.12 | 0.9031 |
| Paired difference | 0.204 | 0.054 | | | |
| t-stat (p-value) | 1.55 (0.181) | 0.69 (0.519) | | | |
| Return on assets | | | | | |
| Before | -0.152 | 0.055 | -0.207 | -2.61 | 0.0129 |
| 3 years after | -0.004 | 0.061 | -0.066 | -1.94 | 0.0068 |
| Paired difference | 0.234 | 0.005 | | | |
| t-stat | 2.52 (0.026) | 0.16 (0.881) | | | |
| Return on equity | | | | | |
| Before | -0.128 | 0.138 | -0.266 | -3.37 | 0.0022 |
| 3 years after | 0.014 | 0.154 | -0.139 | -1.86 | 0.0784 |
| Paired difference | 0.207 | 0.006 | | | |
| t-stat (p-value) | 1.94 (0.094) | 0.09 (0.934) | | | |

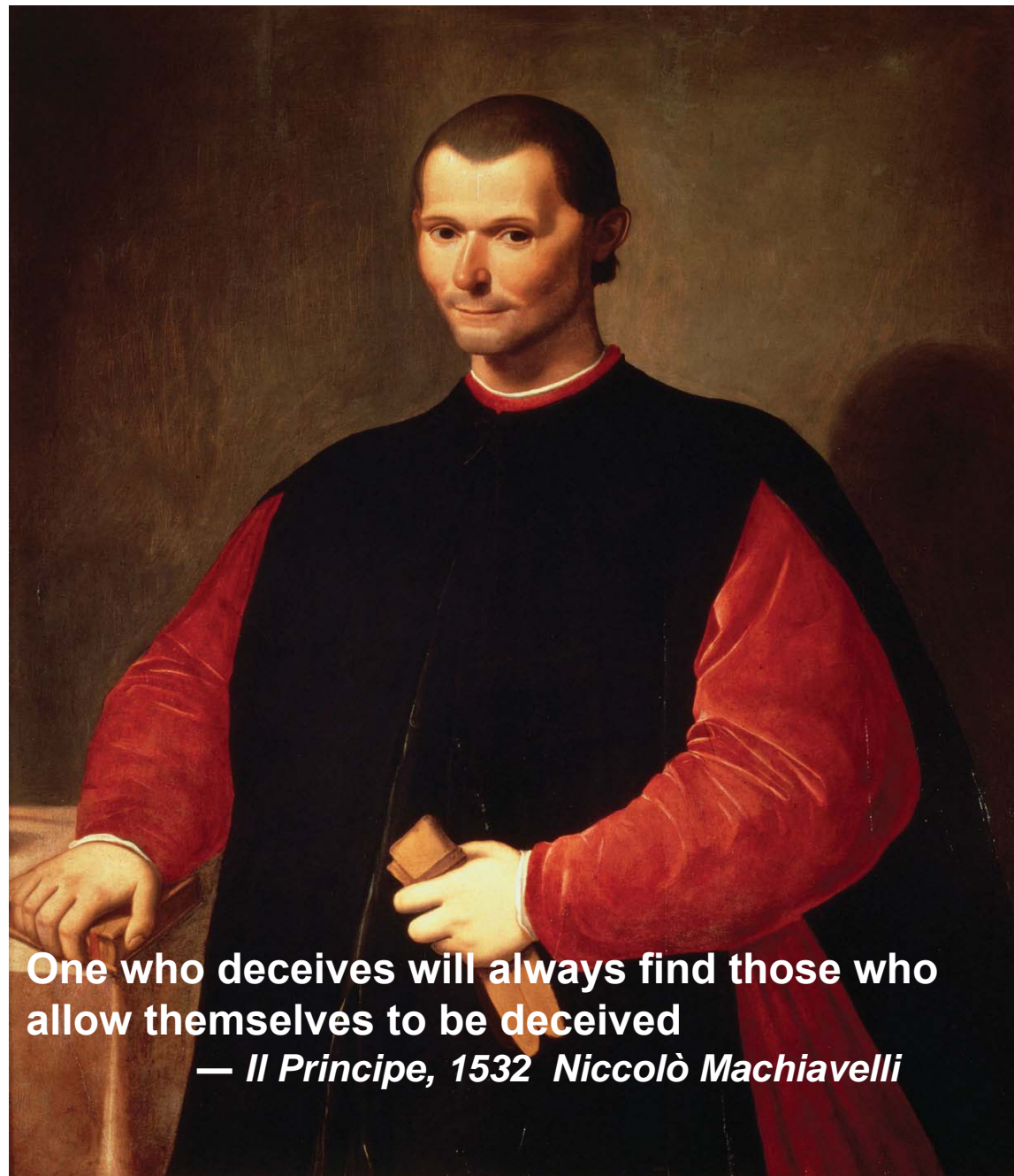
Conclusion and Policy discussion

Conclusion

- No evidence that firms use RTOs as a short-cut to listings after review of regulation, analysis of characteristics, and readings of motivations to conduct RTOs in circulars.
- Short-term positive CAR and improved liquidity suggesting incumbent shareholders can exit on more favorable terms.
- Mixed payment terms are used with warrant issues pending are used suggesting incoming firms also carry valuation risk.
- Management conduct RTO not as a means to list but merger strategy to obtain short-cut to synergy, diversification opportunities, and international listings.

Thoughts for policy

- Given regulatory screens, firms choosing to list via RTOs should not be view as low type firms.
- In the case of these successful RTOs there is no evidence that incoming firms engage in pump and dump schemes.
- RTO announcement provides exit opportunity for incumbent shareholders.
- Banning RTOs or raising regulatory barrier not necessary.
- Improved communications to investors and media to avoid misunderstanding



**One who deceives will always find those who
allow themselves to be deceived**
— *Il Principe*, 1532 *Niccolò Machiavelli*