

LIGHTYEAR CAPITAL TAKES 50% STAKE IN \$9 BN HPM PARTNERS

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Private-equity investor Lightyear Capital has taken a roughly 50% ownership stake in HPM Partners, a New York-based wealth management firm with more than \$9 billion under management.

The deal, announced Tuesday, shifted the ownership of HPM from Emigrant Bank, an affiliate of New York Private Bank & Trust Corp.

Lightyear managing director Mark Vasallo said the purchase was made from a \$950 million private-equity fund, which has an investment term of "10 years or more."

He declined to say how much Lightyear paid for the ownership stake.

"We're partnering with the [HPM] management team and employees, and they remain significant owners, but it's roughly a 50-50 split," he said.

Lightyear, a private-equity firm that specialized in the financial services market, was sued in February 2016 by RCS Capital Corp. and its brokerage unit, Cetera Financial Corp., for raiding Cetera's executive ranks.

HPM Partners did not respond to a request for comment.

In the statement announcing the deal with Lightyear, HPM president and chief executive Kurt Miscinski said, "We selected Lightyear due to its strong business acumen and deep knowledge of our business and services."

The sale of the HPM stake to a private-equity investor follows a growing trend, and could introduce new challenges along with the opportunities, according to **Daniel Seivert**, chief executive of the investment bank **ECHELON Partners**.

"While wealth managers often can take their time with the sale of their businesses, private-equity investors often have to sell their stakes in four to six years to realize attractive [investment returns] for limited partners that have placed capital with them," he said. "It is important for wealth management owners to be open and receptive to entrepreneurs and investors that may be able to obtain a higher return on the firm's assets through scale, a powerful network of contacts or changes in the business model."