

ARE PUBLICLY TRADED ASSET MANAGERS GETTING CHEAPER?

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Focus Financial added a [relatively] tiny new partner with hopes of breaking into a big new market.

The Manhattan-based aggregator has taken an ownership interest in Bridgewater Wealth & Financial Management LLC, a Bethesda, Md.-based RIA with about \$200 million of assets under management.

Focus, which has \$33 billion of assets under management and 600 employees, is the largest serial buyer of RIA firms. It generally completes deals with advisory practices with \$1 billion or more of assets.

Focus CEO Rudy Adolf says that his company took a different approach in this case because of Bridgewater's presence in a particularly desirable market.

Foremost experts

"We believe [Ron Rubin, managing principal of Bridgewater] is one of the foremost experts on managing wealth for sports people and athletes," he says.

Bridgewater serves several NBA players, an Olympic gold medalist, some ex-football players and a sport broadcaster, Rubin says. He declined to specify the names of any of these people.

Adolf says that Focus developed a taste for advising professional athletes through its ownership of Greystone Financial Services Ltd. The UK-based advisory firm handles the personal finances of many professional athletes in that country.

He believes that Focus can leverage the capabilities of Bridgewater to replicate that kind of success here in the United States. Adolf adds that he has already heard from a group of attorneys who represent professional athletes.

Adolf may have invested wisely in purchasing Bridgewater, according to **Dan Seivert**, CEO of **ECHELON Partners** of Manhattan Beach, Calif., an investment bank focused on the wealth management industry.

“What does it take to land and service well-healed professional athletes?” he asks. “Sixty percent of the sale involves noting that you are serving other pro athletes, the next 20% is sales skill and personality and the final 20% is having some unique abilities to handle the special needs of these clients. Many pro athletes do have unique needs but the bulk of what they need can be handled with the skills many advisors have. Focus could be sage [in making the acquisition] given the first 60% I allude to.”

Rubin, 50, is a CPA who broke into the market of athletes by having a sports marketing executive as a client. The executive referred professionals to him.

His firm, Bridgewater, which was founded as an accounting practice in 1987, became an advisory practice in 1995. It now has 18 employees including 10 professionals. It keeps the bulk of its assets with Schwab Advisor Services.

Last a lifetime

Athletes have long been considered great clients for financial advisors. Not only do many of them rake in big salaries and endorsements, but they need the financial planning skills of advisors to make a few years of earnings last them a lifetime.

Bridgewater's investing strategy is to select and monitor asset managers in a tax efficient way, according to a prepared statement published by Focus and Bridgewater.

The success that Bridgewater enjoys in managing the finances of athletes makes the size of the practice a secondary issue, Adolf says.

“Assets are a crude measure of what we’re looking for,” he says.

High school basketball

Rubin considers athleticism to be one of his assets, having competed for a high school basketball team that won its state's championship.

One of his big motivations for joining Focus – besides his ability to leverage his wealth management expertise – is to create a base from which to make acquisitions himself.

“That’s absolutely one of the objectives in our growth strategy,” Rubin says. “There are lots of RIAs and breakaway brokers that would like to be part of an organization that is part of Focus.”

Rubin first considered joining Focus about 18 months ago but let the effort slide as he coped with the dislocation in the markets. But it was also market conditions that encouraged him to seek a big partner after decades of flying solo.

“When we went through a series of market events it really made me look around and say: there are some opportunities here and let’s take advantage of it,” he says. “I began to look at [potential partners]. We looked at people all over our landscape.”

ABOUT ECHELON PARTNERS

ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as “investment product developers and distributors” (IPDADs). Since that time, ECHELON’s professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON’s business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

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