

FIRST REPUBLIC BOOSTS HIGH-END WEALTH BIZ WITH \$6B RIA PURCHASE

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First Republic Bank is bolstering its private wealth management business by roping in a multi-family office. First Republic Bank yesterday announced plans to buy Constellation Wealth Advisors, a high-end hybrid registered investment advisor (RIA) and multi-family office with \$6.1 billion in wealth management assets. The deal should help boost the firm's private wealth division, which has already been growing rapidly in recent years since its 2010 spin out from Bank of America Merrill Lynch. Since then, First Republic Bank's wealth client assets have more than tripled.

The bank's private wealth management division had \$56.4 billion in client assets under management and administration at the end of the first quarter of 2015, up from \$16.6 billion in 2010, according to an investor presentation posted on the bank's website.

And this isn't First Republic's first RIA acquisition. The San Francisco-headquartered bank also acquired Luminous Capital, a Century City, Calif.-based RIA, in 2012. That deal added \$5.5 billion in wealth management assets.

Constellation Wealth Advisors, which has offices in New York City and Menlo Park, Calif., advises high-net-worth individuals, wealthy families and family foundations. That seems to jibe well with First Republic Bank's existing wealth management clientele, which tend to be in the high-net-worth segment, regulatory filings show. The six partners of Constellation have signed long-term contracts to stay on, according to a statement from First Republic.

"It's a great opportunity for First Republic to strengthen its position in New York City," says **Dan Seivert**, CEO and managing partner of **ECHELON Partners**, an investment bank and consulting firm. "It also adds to First Republic's resume of doing acquisitions in the RIA space."

Other banks have also snapped up independent RIAs to access or build up wealth management divisions.

For example, earlier this month Washington Trust announced plans to buy Halsey Associates, an \$850 million RIA. Earlier this year, a Los Angeles-based investment bank, B. Riley Financial, announced plans to acquire MK Capital Advisors, an RIA with about \$700 million in assets under advisement. In the summer of 2014, Boston Private Bank & Trust Co., a once-active RIA acquirer, bought Banyan Partners, a \$4.3 billion RIA, that itself has been an active RIA purchaser. And before that, the Canadian Imperial Bank of Commerce (CIBC) bought Atlantic Trust Private Wealth Management in 2013.

Banks with a big wealth management focus have themselves been targets of acquisitions by bigger players. For example, RBC earlier this year announced plans to buy City National, a private and commercial bank with \$61 billion in wealth and investment management assets, which is also parent to an RIA, Convergent Wealth Advisors, as reported.

Banks were even more keen on snapping up wealth management firms in the years before the financial crisis hit, says Seivert.

"I think they've been a little bit more cautious in terms of their return to acquiring wealth managers, but I know that the interest is very high," Seivert says.

For its part, Merrill Lynch had acquired First Republic in 2007, but after Merrill was acquired by Bank of America in the depths of the financial crisis, the firm spun off the unit. Through a management-led buyout, aided by equity capital from Colony Capital and General Atlantic, First Republic re-established its independence in 2010. First Republic plans to pay \$115 million to purchase Constellation, and expects the deal to close in the third quarter, subject to customary closing conditions, according to a statement from the bank.

First Republic didn't comment beyond the press release issued by the firm. A spokeswoman for Constellation Wealth Advisors didn't respond to an interview request in time for publication deadline.

"Constellation Wealth Advisors is an opportunity to work with a highly successful wealth management firm with the same philosophy and commitment to extraordinary client service as First Republic," said Jim Herbert, chairman and CEO of First Republic, in a press release. "They align with and complement our existing wealth management capabilities."
