RIA Acquisition to Create $13B Wealth Shop

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Tiedemann Wealth Management, a $9 billion New York-based RIA, is merging with Presidio Capital Advisors, a subsidiary of the Presidio Group, to form a $13 billion wealth management colossus.

The deal, announced yesterday, joins a slate of other large RIA transactions to take place this year. Partners from Presidio's wealth division and Tiedemann will hold equity in the combined business, which will be split off from Presidio Group's investment banking and private equity divisions.

The combined wealth firm will operate under the Tiedemann name, and will have offices across the U.S. including New York, San Francisco, Dallas, Palm Beach, Fla., Wilmington, Del., and Washington D.C. Tiedemann CEO Michael Tiedemann will remain CEO of the combined firm, while current Tiedemann president Craig Smith will continue in that role. Brodie Cobb, founder and CEO of the Presidio Group, will join Tiedemann's board of directors. The combined organization's internal investment team will consist of members from both organizations, says Tiedemann.

"Part of the reason for why you could do something like this is to create a stronger, better positioned firm for years to come that will enable you to attract talent," Tiedemann says. "In the short term, we have enough organic growth opportunities, and that will be our focus."

The precise terms of the transaction weren't disclosed, but Tiedemann says that all of the operating partners of both businesses are contributing equity as well as cash, Tiedemann says. "This really is a contribution by operating partners that are excited by the potential of working tighter and the benefits it brings to the clients," Tiedemann says.

RIA mergers and acquisitions activity in the first half of 2016 seems to be on pace with last year, with 12 $1 billion plus deals reported in the first half of the year, an identical number to the first half of 2015, says **Daniel Seivert**, CEO and managing partner of **Echelon Partners**, a boutique investment bank and consulting firm focused on wealth and investment management firms. Year-to-date, there have been 16 such deals reported, Seivert says. Reported deals make up on a subset of the total M&A activity, as many transactions go unreported.

"I think there's a healthy amount of deal activity, but there should be an awful lot more given the ages of advisors and where we are in the business cycle," Seivert says.

Seivert points to several factors that could potentially drive a pickup in RIA mergers and acquisitions in the future. These include a plethora of private equity-backed buyers, the Department of Labor's new fiduciary rule, and pricing pressures posed by robo-advisors and the continued aging of the advisor population, which could prompt some firms to consider selling their business.

Other recent deals include Kanaly Trust, a Houston-based wealth firm backed by Lovell Minnick Partners, merging into Mercer Advisors, an RIA backed by Genstar Capital, to create a $8 billion wealth shop. Mercer Advisors, which is not associated with institutional consultant Mercer, also acquired Spruce Hill Capital, a $110 million RIA in January.

A Lightyear Capital-backed RIA, Wealth Enhancement Group, earlier this year announced plans to acquire HHG & Company, a $1 billion RIA. Stratos Wealth Partners in January closed on its purchase of Sandy Spring Wealth Management, the wealth division of Sandy Spring Bancorp. Regional brokerage D.A. Davidson earlier this month announced plans to acquire Smith Hayes, a $4 billion RIA.