

## BUYERS TARGET SMALL & MIDDLE TIER RIAs

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SANTA MONICA, Calif. -- Middle and smaller tier RIAs are grabbing the attention of wealth management deal makers.

"There's a very low supply of advisory firms with more than \$1 billion in assets under management," says **Dan Seivert**, chief executive and founder of **ECHELON Partners**, the Manhattan Beach, Calif.-based investment bank sponsoring the Deals and Deal Makers Summit here this week.

"We're seeing increased interest in firms with less than \$500 million in AUM, and there's a good supply of firms with \$100 million in assets or less."

### SMALL FIRMS ATTRACTING ATTENTION

In fact, the most recent RIA deal, announced today, involved a Santa Barbara, Calif.-based firm with \$170 million in assets under management.

Lucia Capital Group of San Diego is buying the wealth management business of West Coast Asset Management (WCAM) for an undisclosed amount.

WCAM's high-net-worth clients and executive talent were both attractive targets, says Lucia chief executive Derek Bruton, a former LPL Financial managing director who joined Lucia two months ago to spearhead the \$2.3 billion firm's growth strategy.

"Talent like Lance Helfert, WCAM's president and Atticus Lowe [the firm's chief investment officer], who are both highly skilled veterans, is difficult to come by," Bruton says.

Acquisition-minded wealth management executives at the Deal Makers conference say they are also scrutinizing middle and smaller-tier firms.

### 'BIGGEST OPPORTUNITY'

"We're seeing a lot of activity in the market," says Keith Gregg, president of Aequitas Capital Partners, a Lake Oswego, Ore.-based investment and financing firm that is targeting RIAs that have between \$300 million and \$800 million in assets. "The middle tier of the market is where we see the biggest opportunity."

Capital Fiduciary Advisors of Reston, Va., and Chicago-based RMB Capital Management are pursuing firms with even less assets under management.

"I have three term sheets outstanding to firms with \$150 million, \$125 million and \$90 million, and we bought a firm with \$110 million in AUM in January," says John Wolff, Capital's chief executive. "Yes, that's where the supply is, but we also like those firms because there's usually one key decision maker and it's easy for them and us to decide if the deal works."

Advisors with less than \$100 million in assets are the cornerstone of Chicago-based RMB Capital Management's acquisition strategy. "We're targeting smaller firms where advisors want to work closely with clients," says RMB chief executive Don Bechter. "They become employees and we offer cash with a path to equity."

The trend makes sense to Mark Tibergien, chief executive of Pershing Advisor Solutions.

"We're seeing a lot of these conversations with firms that are in-betweeners, neither too big nor too small," Tibergien says. "If they want to grow, they can't do it alone, so they are receptive to joining someone bigger."

## 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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