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## HighTower gets \$100 million loan

BMO Harris Bank and PNC Bank are lending additional funds as the firm looks to expand new platforms

By **Mason Braswell** | July 14, 2014 - 12:29 pm EST

HighTower Advisors has received a \$100 million credit line from two banks as it looks to boost recruiting and build out its newer offerings, including its Alliance platform.

The firm, which until this point had secured funds — around \$165 million — only through venture capital or offering equity, received the credit line from BMO Harris Bank and PNC Bank.

An outside spokeswoman, Melinda Brodbeck, said executives were traveling and couldn't be reached for comment.

HighTower did not elaborate on the terms of the deal or how the money would be used, but its statement pointed to recruiting the firm has done so far this year into its franchise channel, the HighTower Network, and the new Alliance fee-for-service offering, which launched earlier this year with its first client, Gavion Partners.

Industry observers speculated that the new round of funding would be used to bolster recruiting and hiring efforts. The firm has brought on four adviser teams to its HighTower Network so far this year, according to the statement.

“I think a lot of the initial equity investments are more for infrastructure and all that has been built,” said John Furey, founder of Advisor Growth Strategies, a consulting firm unaffiliated with HighTower. “Therefore you can come to the conclusion that this would be more of a line of credit,” for recruiting.

Industry observers said that the deal will likely be good for HighTower advisers who also have equity in the firm because taking out debt does not dilute their ownership, as would another round of venture capital funding.

The firm has this far raised capital primarily through private equity and investment firms such as Asset Management Finance, of which Credit Suisse reportedly has an 80% stake. Envestnet Inc. has also contributed funds.

Mr. Furey said that the fact that banks were willing to offer a \$100 million loan was a good sign for the industry as a whole.

“I think it's a vote for independence when you see big banks like this coming in and saying we're going to make financing available to more of a national RIA and independent-type entity,” he said.