

HighTower shifts into high gear with a three-team, \$1.2 billion AUM in-three-weeks spree

by Lisa Shidler

Brooke's Note: After a testing chapter in its short history, it's exciting to have HighTower testing positive for success again.

HighTower Advisors has lured an all-women Merrill Lynch team with \$320 million of ultrahigh-net-worth assets under management and another Merrill team with \$700 million of AUM as part of a three week poaching spree culminating in closing \$1.2 billion of assets.

The Chicago-based rollover made a habit of poaching breakaway in bunches in its early years but the flow had slowed to a trickle and more and more of the deals were not full-on purchases — but rather a renting of the platform to independents. See: [Deal-making momentum is AWOL 'for reasons unknown,' but HighTower Advisors wins an outsource deal with a fresh \\$500 million Morgan Stanley breakaway.](#)

The string of HighTower deals gets the company back into a big-asset, big-purchase mode but also one that shows its broad appeal and ability to defy odds. See: [Dynasty Financial leads a second \\$1 billion-range team — now Fidelity RIA — out of Wall Street in as many weeks.](#)

Fidelity as co-victor

It's also a boost to Fidelity Institutional Wealth Services, which will serve as the primary custodian in each case. Fidelity declined to comment for this article but sources say that the Boston-based custodian tends to do well with winning roll-up RIAs and platforms like Dynasty Financial because of the level of help it provides in transitions, its ability to straddle clearing and custody through National Financial and the favorable pricing packages it offers.

The transition acumen of HighTower and Fidelity is reflected in the comments of **John Furey** principal and founder of **Advisor Growth Strategies LLC** in Phoenix, Ariz.

“The timing is also interesting because usually these deals drop off toward the end of the year. Who wants to do a transition before the holidays?” he says. “But HighTower was confident they could bring on these teams and transition them at all once.”



John Furey: I really don't see gender when I look at transitions. But the diversity is fantastic. People know the market is way under-served from a gender perspective.

'Never hurts' to hurt a wirehouse

He also points out that pulling Andriole's \$700-million team from Merrill Lynch on its own is quite impressive. "That's kind of an all-star team. Teams like that get people's attention. It never hurts to have an all-star team come out of a wirehouse." See: [HighTower passes up \\$40 million capital raise, takes a big breather from deals and implements a pacing regimen.](#)

Furey notes positively that one of the teams is all-women.

"I really don't see gender when I look at transitions. But the diversity is fantastic. People know the market is way under-served from a gender perspective." See: [Top RIA business executive recruiter chides 180 women gathered in a New York ballroom for second-guessing themselves.](#)

The success was so welcomed at HighTower that it even inspired a chest-thumping moniker internally.

"We're really excited about these three and we're calling it the November hat-trick," says Mike Papedis executive vice president of HighTower, referencing the hockey tradition where fans throw hats on the ice after a player get three goals in one game. All three teams chose to become full partners with HighTower. See: [HighTower throws open its doors to non-partner firms who want service and/or brand.](#)

Gretzky-isms aside, **Furey** says these HighTower deals gain particularly high marks because they can be judged based on the highest degree of difficulty.

Full-on

"What's impressive is that they closed these in three weeks." he says. "We have to remember these are full-on conversions. Sometimes, you'll hear a deal from one of the other firms like [Focus Financial Partners, LLC](#) but it's typically not a massive conversion (from one business platform to another) like what HighTower does."

Focus does occasionally win teams directly from wirehouses. See: [How an ex-Merrill team broke free just under the BoA takeover wire and doubled its assets in four post-crash years.](#)

HighTower last Monday signed on its first team composed solely of women helmed by Laurie Kamhi, managing director and partner, who had been at Merrill Lynch for 30 years. LCK Wealth Management, which manages \$320 million in assets, was part of Merrill Lynch's Wealth Management Private Banking and Investment Group, Merrill's group that works with clients with \$10 million in assets or more. See: [Deal-making momentum is AWOL 'for reasons unknown,' but HighTower Advisors wins an outsource deal with a fresh \\$500 million Morgan Stanley breakaway.](#)

Kamhi's team, which focuses on investment services for families, trusts, foundations and charitable organizations, also includes Christine Torrey, senior financial analyst and Karman Tong, senior private wealth associate. This team moved to HighTower's existing New York office.



Peter Klein: I feel unshackled and five years younger.

A Merrill Lynch spokesperson declined to comment for this story.

h2 East Coast scores

The Andriole Group left Merrill Lynch's Private Client Group on Nov. 18 and manages \$700 million in client assets. The group is led by Charles Andriole, managing director and partner. Also part of the group is Geoffrey Gregory, managing director and partner; Robert DeLucca, managing director and partner; and Matthew Montana, managing director and partner. There are five other

members of the group, which focuses on customized financial strategies for high-net-worth individuals and families. The group just opened an office in Madison, Conn.

Melville, NY—based Klein Wealth Management, left UBS on Nov. 11. The firm is led by Peter Klein, managing director and partner, and manages some \$210 million in assets. Klein Wealth Management oversees over \$210 million in client assets. In addition to Klein, the practice consists of Jane E. Voorhees, director of client services.

UBS did not return e-mails seeking comment for this article.

New blood

There's been a number of changes at HighTower that point to an increase in recruiting activity. For instance, this fall the firm promoted Michael LaMena from chief operating officer to president of HighTower.

“This is recognition of his talent at the company and it also speaks to HighTower maturing as an organization,” says Papedis. “We’re no longer mentioned as a start-up. We’ve got 260 employees in the firm. We’re a profitable company. See: [After a five-month deal-making hiatus, HighTower adds a couple of advisors and hints at a busy 2013.](#)”

In addition, HighTower is also expanding its business development team and adding an additional staffer by the end of the year.

“We’re expanding our business development team,” Papedis says. “This is all in recognition of an increasingly deep pipeline not just in the partnership tracks but in all of our markets. HighTower is getting more interest. Many advisors are finding HighTower attractive in a variety of ways.”



That means the firm will have five business development professionals on staff.

Charles Andriole: We were compelled by the HighTower business model.

Common motivator

Papedis says that there were common themes in the three breakaway teams’ decisions to leave their respective wirehouses.

“It’s the same motivator for all of them,” Papedis says. “The culture at these wirehouses has changed through mergers and acquisitions and that’s affected others in the business. It’s about culture and really seeking a higher standard of wealth manager.” See: [Merrill Lynch and Bank of America cultural tension may spin out a new round of breakaways, recruiters say.](#)”

Though Papedis declined to define ‘culture’, many breakaways rue the bank managers who call the shots at some wirehouses these days. Their demands can include cross-selling and cost-cutting that makes it harder to offer top service. And they remain adamant that they put the client first even when brokers and clients say otherwise.

Klein Wealth Management is joining the firm’s existing Long Island office, Papedis says.

“They’re a team that we like because they are a fiduciary-minded model and they specialize in philanthropic planning,” he says. “Getting advisors on the right side of the tracks and leaving a conflicted wirehouse world is important.”

Klein, 48, e-mailed RIABiz and said that he was at UBS for 19 years and that it was a difficult decision but he already feels better after making the switch.

“It’s been fantastic. I feel unshackled and five years younger. I’m excited, my clients are excited and I’m looking forward to climbing higher on the ladder of success,” Klein says.

Klein says that he felt the partnership option was the best one for him. “I have a busy practice and want to grow it. I wanted someone to help with the back office solutions and operational resources. I knew I was not looking to make a lateral decision to another wirehouse because I know the future of financial services wealth management is changing and the future lies in the differences of the business models. Today’s most educated investor desires advice. The industry is shifting and I want to be ahead of that curve.”

Big team

Papedis says it was exciting for his firm to bring over the Andriole team, which has an emphasis on non-profit entities. This team also focuses on discretionary portfolio management.



Mike Papedis: Nothing we do is ever coincidence.

“Nothing we do is ever coincidence,” Papedis says. “This is absolutely an area we believe our platform can support — the high-net-worth clients.”

Andriole says his firm chose HighTower because of the way HighTower treats clients and also all of the services and resources HighTower offers.

“HighTower is a very prolific national firm. They recognized very early on that significant changes were evolving in terms of what clients expected from financial advisors and that was very compelling. We did a lot of due diligence, and we were compelled by the HighTower business model. It goes back to the core belief that we just want to take care of our clients,” he says.

Andriole says his team shares similar mantras with HighTower.

“If we take good care of our clients, their success as well as ours will follow. This is the mantra we live by. We really do pay attention to what our clients think and expect. Clients want us to work independently, with transparency, and always in their best interest. We want to be fiduciaries to our clients,” he adds.

Partnership key

Even though all of these teams had the option to join any aspect of HighTower, all three teams chose to become full partners.

For Kamhi, being a partner with the firm was crucial.

“Being a partner and having a say in future development is important to me. I have always been a mentor and leader in addition to my responsibilities as an advisor. The decision to become a partner at the firm was the best choice for me and the practice,” she says.

“I looked at several independent choices for over two years and I have had the pleasure of knowing several partners at HighTower since its inception. HighTower, being an independent advisor partnership, offers great benefits for myself and my clients in providing intergenerational planning, investments and family office-related services. It will allow me to expand the practice with more options on research, intellectual capital and innovative technology.”

Papedis says he is impressed with Kamhi’s team as well.

“They’re passionate about being fiduciaries. They’re growers and they’re attracted to the ability to grow their business at HighTower. Laurie is a delightfully driven professional who brings tremendous skill of capital markets. She’s just incredibly passionate about doing what’s best for her clients. It was necessary for her to graduate outside of a conflicted environment.”

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