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Raymond James snags four industry bigs in RIA push

New hires to serve as regional directors; firm plans big advertising push

By Dan Jamieson | July 17, 2013 - 9:32 am EST

Raymond James is ramping up its small RIA custody unit.

The firm plans a media campaign beginning in September to get the word out about its custody service as well as options for hybrid advisers.

In addition, the firm announced today the hiring of four new regional directors for its custody business, known as the Investment Advisors Division, who've been tasked with building up the small custody operation that has struggled to gain traction since its launch 13 years ago.

IAD serves about 100 RIA firms with a total of \$8 billion in assets.

The new regional directors are Sean Marrin, Chuck Curtis, Glenn Flego and Christian Williams.

Mr. Marrin, based in Denver, will cover the West. He joins Raymond James from LPL Financial LLC, where he was a recruiter covering the Northwest. He was formerly with Schwab Advisor Services in a business development role.

Mr. Curtis has responsibility for IAD's Central region, and will be based in St. Petersburg, Fla., where Raymond James is headquartered. A veteran of Morgan Stanley and its predecessor firms, Mr. Curtis was Morgan Stanley's complex director for central Florida until he left the firm in 2011.

IAD's Northeast region will be handled by Mr. Flego, who was formerly a vice president of sales for Fidelity Institutional Wealth Services.

Mr. Williams, based in Raleigh, N.C., has the Southeast region. A former manager with Merrill Lynch and UBS, he joined Raymond James in 2007 as a vice president of business development for the firm's independent channels.

Mr. Curtis and Mr. Marrin joined the firm in May, and Mr. Williams and Mr. Flego started July 1.

The new hires will be “responsible for relationships with existing firms, in giving support and guidance ... and of course, recruiting new RIAs and hybrid advisers,” said Bill Van Law, IAD president.

Two associate regional directors, a director of administration and one additional staffer are also joining IAD.

“As of August 5, we'll have the entire team,” Mr. Van Law said.

The additions mark the first dedicated business-development staff for the custody unit.

IAD's regional directors “will work in conjunction” with other recruiting staff, Mr. Van Law said, but are intended to give the RIA custody unit more focus and control over its business-development efforts.

Mr. Van Law declined to put a number on what the firm plans to spend on its media campaign, “but I can tell you in terms of the advertising, [it] will be the single biggest media launch in the history of the firm.”

The campaign will highlight Raymond James' independent options, including IAD.

“What this represents is a serious re-launch of this [RIA custody] business, with the full resources of the firm behind it,” Mr. Van Law said.

Indeed, hiring regional directors is just the latest step Raymond James has taken to grow its custody business.

In February 2012, the firm James reorganized the unit as a stand-alone division, separate from the independent-broker-dealer business. Mr. Van Law, then the head of recruiting at the company's independent-broker-dealer operation, was put in charge of IAD.

Last September, IAD cut equity ticket charges and waived some IRA fees paid by clients of its RIA firms. Fees had been an issue with some advisers who hold assets at Raymond James.

“We can't compete — and don't intend to — with the discount firms,” Mr. Van Law said, “But we think we can compete on service and the total value” IAD offers to RIA firms.

John Furey, founder of Advisor Growth Strategies LLC, called putting more dollars behind sales and marketing a start.

“Raymond James is a big company. If they choose to put in a material investment, it's worth noting,” **Mr. Furey** said. “Unlike some start-ups ... they have a much deeper bench, and a much broader platform.”

But with \$8 billion in assets, “they will not be a major [RIA custody] player anytime soon,” **Mr. Furey** added.

By contrast, as of June, Schwab Advisor Services held \$900 billion and as of March, Fidelity Institutional Wealth Services custodied more than \$655 billion, which includes assets from third party administrators and trust companies. TD Ameritrade Institutional doesn't report adviser assets separately, but as of May, it custodied more than \$200 billion, based on the fact that RIAs hold about 40% of total assets at the discount firm. And as of March, Pershing Advisor Solutions had total assets of \$116 billion.

Frank La Rosa, chief executive of Elite Recruiting and Consulting, who recruits for Raymond James across all channels, thinks the firm can build the custody unit.

The agnostic approach to channel selection works to the firm's advantage, he said. “You tell [recruits] the [Raymond James] story, and ask how they want to get paid. Ultimately, they buy into the family and the overall culture.”

In a separate move in March, Raymond James Financial Services Inc., the company's independent contractor broker-dealer, announced a new asset-based pricing arrangement for affiliated hybrid advisers who have at least \$100 million in discretionary assets under management.

These higher-end hybrids, who custody both their advisory and securities assets at the firm, can get a 100% payout of their advisory fees.

The move positioned Raymond James to better compete for big hybrids, Mr. La Rosa said.