RIABiz (http://www.riabiz.com/) – http://www.riabiz.com/a/130782302/how-a-kansas-wealth-manager-ate-new-york----or-at-least-one-of-its-big-advisory-firms----owned-by-an-arthur-andersen-orphan (http://www.riabiz.com/a/130782302/how-a-kansas-wealth-manager-ate-new-york----or-at-least-one-of-its-big-advisory-firms----owned-by-an-arthur-andersen-orphan)

Marty Bicknell: They're young and growth-oriented. They're not selling to sell.

(http://www.riabiz.com/a/130782302/how-a-kansas-wealth-manager-ate-new-york----or-at-least-one-of-its-big-advisory-firms

Brooke's Note: In reporting for this article I had a nice talk with Richard Rosenberg and I told him I was trying to play up the New York angle. (Can you tell by the headline?) The standard thinking is that the Wall Street brands still hold the Big City's rich denizens under a deeper ether than they do in places like Seattle. Rosenberg laughed and said he didn't think anything could be farther from the truth. Most of his clients are part of New York's financial industry, from hedge fund managers to derivatives specialists, and he says they know better than anyone the importance of having personal funds managed by a non-wirehouse advisor. "That's what makes them love our model," he said. "New York City is ripe."

After leaving accounting giant Arthur Andersen in 2002 — post-Enron — Richard Rosenberg, now 39, worked for Tarrytown, N.Y.-based Clarfeld Financial Advisors, liked what he saw, and founded his own wealth management firm a year later.

But as his 10 year-old New York City-based firm, RR Advisory Group LLC, grew to more than $700 million in assets this year, Rosenberg longed to mix in some big-company aspects with his fast-rising mom and pop.

Recognizing that this scale problem might be solved with the right partner, Rosenberg and his partner, Rosario J. Ruffino, 42, retained Steve Levitt of Park Sutton, an M&A specialist in New York, to find that partner. Ruffino also came from Clarfeld. See: AMG delves deeper into the RIA business with second deal — of $4-billion player, Clarfeld, in NY (http://www.riabiz.com/a/5272164697636864/amg-delves-deeper-into-the-ria-business-second-deal----of-4-billion-player-in-ny).

Kansas appetite

The next thing Rosenberg knew he had a range of options from the Big Apple to the Far Plains. He sold a majority stake to Leawood, Kan.-based Mariner Holdings, which manages $26.5 billion, including $8.3 billion in Mariner Wealth Advisors (http://www.riabiz.com/d/11156439) and $18.2 billion in asset manager, Montage Investments. The deal was financed internally.

The deal was the first by Mariner in 11 months after a self-imposed breather following a torrid stretch of acquisitions the previous few years. See: Marty Bicknell self-declares a slowdown after bringing on $700 million more of RIA assets to punctuate an epic streak of deals (http://www.riabiz.com/a/18216519/marty-bicknell-self-declares-a-slowdown-after-bringing-on-700-million-more-of-ria-assets-to-punctuate-an-epic-streak-of-deals).

"They give us a big-firm feel and national presence to help us attract and retain clients," says Mariner chief executive Marty Bicknell.

It marks the beginning of an aggressive push to do four to six deals in the next year — likely RIAs with assets managing in the range of $500 million to $2 billion.

"We're back in inorganic growth mode again," says Bicknell.

In spite of New York

The deal is Mariner's first move into New York City, a place known to have fewer RIAs per capita than most places — and plenty of people with big stashes of liquid holdings. See: Why the slow-evolving metro New York area is still on course to be the capital of the RIA business (http://www.riabiz.com/a/12262138/why-the-slow-evolving-metro-new-york-area-is-still-on-course-to-be-the-capital-of-the-ria-business).

But Bicknell says he eagerly bought RR Advisory in spite of its New York location.

"We put pins on a map, and no surprise to anybody, the cities looked like Kansas City," he says. "We had no success with that [as a primary filter] and said: let's find the right advisors foremost."

Old-time service

Dave DeVoe: There is some poetic justice in a deal where a large independent firm based in the epicenter of the wirehouse world sells to a Kansas City-based independent RIA with Midwestern values.

One thing Bicknell particularly likes about RR Advisory is an old Arthur Andersen aspect — the firm does tax returns for 500 of its clients. These clients pay a fee for the accounting work in addition to an asset-based fee for advice. See: On its march to $50 billion, Mariner finds its groove buying RIAs connected to accounting firms (http://www.riabiz.com/a/14325003/on-its-march-to-50-billion-mariner-finds-its-groove-buying-rias-connected-to-accounting-firms).

That makes sense since Rosenberg's primary role at Andersen included the management of high-net-worth client accounts within its personal financial planning practice. He worked closely with the wealthiest individuals to help them mitigate income taxes and enhance their wealth.

(Arthur Andersen LLP was one of the "Big Five" accounting firms among PricewaterhouseCoopers, Deloitte Touche Tohmatsu, Ernst & Young and KPMG. In 2002, the firm voluntarily stopped practicing after being found guilty of criminal charges related to Enron audits.)

Young lions

But the big news about the deal, according to Levitt, is the ages of the principals of such a big RIA.

"It's unusual with younger principals doing a transaction like that," he says. See: A young advisory pair escaped wirehouse cost cuts to land at Wells Fargo (http://www.riabiz.com/a/739002/a-young-advisory-pair-escaped-wirehouse-cost-cuts-to-land-at-wells-fargo).

Bicknell agrees. "They're young and growth-oriented. They're not selling to sell."