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NEWS RELEASE

MOSS ADAMS CUTS RIA RESEARCH ARM

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Moss Adams is winding down its specialty consulting practice for independent registered investment advisors (RIAs) after its two remaining principals announced over the weekend that they are moving to other senior posts. The Seattle-based accounting firm had built a broad-based operations and business consulting platform for RIAs, and the decision creates a void in the RIA market. But at the same time, Moss Adams is positioning itself to compete in the wealth management market through its own advisory arm.

One of the two principals, Rebecca Pomeroy, is moving to a new slot within the accounting firm to become CEO of Moss Adams Wealth Advisors, a wealth manager that oversees \$800 million in assets for a West Coast client base. She starts full-time in that role in July. The other principal, Philip Palaveev, is leaving to become president of Fusion Advisor Network of Elmsford, N.Y., a four-year-old firm that provides its 200 advisory firm clients with practice management and other business platform services. Fusion leverages its member network to negotiate preferential group deals with vendors and platforms, and Palaveev will be in charge of spreading that model into the independent RIA world.

Their departures follow the exit last September of Mark Tibergien, who was considered the leader of the Moss Adams financial practice before he left to join Pershing Advisor Solutions in Jersey City, N.J., as CEO. When he left, Palaveev and Pomeroy took over as the practice leaders, and now the specialty unit has no senior people left.

"They've become known as the industry authority on independent advisor practice operational metrics," says **Dan Seivert**, CEO and managing partner of [Echelon Partners](#), a strategic consultant in Manhattan Beach, Calif. "There have been a number of firms that have come and gone that tried to address this, but none was able to create a meaningful footprint next to Moss Adams. There is certainly a need. I think somebody will move in to help solve this issue."

Moss Adams calls itself the nation's 11th-largest certified public accounting and consulting firm, and it has built a management consulting business with general coverage and industry specialties, including the financial services practice. That wealth advisory sector practice covers strategic planning, succession planning, human capital resource management, and business valuation, among other areas. The firm will continue offering those services to advisors through its general management consulting arm, Pomeroy says.

The financial practice also ran a robust data-gathering effort that widely surveyed the RIA world and then used the results to imbue its consulting efforts with competitor- and benchmark-driven analytics. It ran that research with the aid of partners, including Charles Schwab & Co., SEI, and the Financial Planning Association.

The specialty helped Moss Adams gain name recognition and "brand equity" in the RIA space, says Echelon's Seivert. It's unclear whether the overall firm will be weaker without this practice, which is not a simple business, he adds.

"You're dealing with thousands of firms, so it's difficult to develop a business model to advise and satisfy the needs of these firms," Seivert says. "Moss did nice job of putting them into similar buckets, but everyone wants information specific to their firms, and it has potential to burn people out."

Seivert says while his own firm or Cerulli Associates might be in a position to replace Moss Adams, it's unclear either is interested.

Pomering says that both she and Palaveev decided to leave in order to seek a more manageable lifestyle. The consulting practice generally kept them on the road for long stretches, and both have families with young children.

"We've been talking about it for the last couple of months, and we were trying to figure out how to take what we know about the advisory space and consider other opportunities," she says. Now, they will help close out existing client projects and other pending research jobs, she adds.

The Moss wealth management arm has been around for several years, but has not had a high profile. It operates with eight senior advisors and an overall team of 33 to serve clients in Washington, Oregon, California, New Mexico, and Arizona – markets it will continue to focus on, Pomering says.

Her role will be to grow the financial planning and wealth management business, a natural extension for an accounting firm, she says. The effort will entail creating a business plan, hiring more advisors, and possibly merging with other advisory firms. She sees immediate opportunities to grow in Northern California, Phoenix, and Albuquerque.

"I suspect we'll be looking more to merge talent than acquire clients, and that's an industry trend" she says. "We should be the dominant wealth management firm on the West Coast. That's something that will be really exciting to build."

Mark Jaeger, the advisory arm's current managing partner, is switching to a COO role, which will include overseeing investments. The firm largely focuses on a menu of mutual funds and a limited set of separately managed account managers that it selects itself or taps through Russell Investments, its neighbor in Washington. It also taps alternatives and exchange-traded funds.

Palaveev, meanwhile, says Fusion aims to double its advisor base in three years. He will open its office in Seattle. "Consulting is a little like watching a game from the sidelines," he says. "I wanted to be on the field and on a team."

The Fusion model aims to expand to independent fee-based RIAs from its current network of independent advisors who are affiliated with NFP Securities, a broker-dealer. Palaveev says the new focus will also bring in "hybrid" advisors that mix fee-based and commission-based advisory models. While all advisors who want to use the commission side of Fusion will have to work through NFP, the fee-based advisors will be able to select from several major custody platforms. "The common thread is that they are all entrepreneurs and independent owners," says Stuart Silverman, who founded Fusion and retains the title of CEO.

The firm's model provides a range of practice management tools, including business management consulting, marketing, technology optimization, human resource guidance, and targeted capital equity support. It also will provide access to investment platforms, such as AssetMark, Envestnet, and SEI, but Fusion will not have any direct financial relationship with those organizations. The 200 member firms, which compensate Fusion by sharing a portion of their revenues, collectively manage \$7 billion in client assets, and 70% of it is fee-based, Silverman says.

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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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