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LPL to buy Fortigent in 'massive development in the industry'

Deal seen giving publicly traded B-D substantial edge over rivals

By Bruce Kelly

LPL Financial LLC is making a big push into the marketplace for rich clients, announcing today that it will acquire Fortigent LLC, a wealth management firm that provides specialized services including investments, proposal generation and technology for financial advisers and their multi-millionaire clients.

Fortigent is a big player in the wealth management industry. It works with 90 investment advisory firms that use its platform for the reporting of \$50 billion in client assets, said Andrew Putterman, the firm's chief executive.

The average client has \$7 million in assets, he said. The industry standard for high-net-worth investors is those with at least \$5 million in assets to invest.

LPL's resources and scale will accelerate Fortigent's growth, Mr. Putterman said.

"One year from now, we'll be stronger and more nimble," he said. "For us, they're a perfect partner."

Terms of the deal weren't disclosed.

The acquisition, which is scheduled to close by the end of March, is "a massive development in the industry. This means that a highly entrepreneurial business culture will be incorporated into LPL, which has a very large, somewhat more bureaucratic organizational structure," said Stephen Winks, an industry consultant.

"This is exactly what the industry needs," he said.

LPL Financial is "a firm that has the scale and the ability to

develop and execute the missing links that don't exist in the brokerage industry that would foster a much higher level of counsel" between the adviser and client, Mr. Winks said.

"This gives LPL an incredible competitive edge in the marketplace," he said.

LPL's move to acquire Fortigent continues its recent strategy of highly focused acquisitions as opposed to buying another broker-dealer and amassing numbers of representatives and advisers, said Robert Moore, the firm's chief financial officer.

The acquisition is a fit for LPL's growth on the registered investment adviser side of the business, he said.

"This is a great enhancement overall for us," Mr. Moore said. "The focus is on high-net-worth clients and more complex practices."

Fortigent's clients include banks, trust companies and independent RIA firms.

LPL is the largest independent broker-dealer with about 12,800 registered reps and advisers. Along with constructing the acquisition of Fortigent, LPL is in the process of beefing up its technology platform.

Last week, executives and top advisers with LPL Financial said that the firm is working on tech upgrades for its reps and advisers, which will include new and improved reporting and trading capabilities, as well as a mobile application for advisers and their clients.

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