

Exclusive: Emigrant Partners buys into \$1.7bn California RIA



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The serial RIA investor's deal with Hollencrest Capital Management is its fourth in five months.

Emigrant Partners has taken a minority stake in a \$1.7bn California RIA, its fourth transaction in a five-month span.

The New York Private Bank & Trust (NYPB&T)-backed company has invested in Hollencrest Capital Management, a Newport Beach, Calif.-based firm. Specific financial terms of the transaction, including the size of the stake, were not disclosed.

A sister company of serial RIA investor Fiduciary Network, Emigrant Partners has established itself as a prominent investor in its own right over the course of 2020. All of NYPB&T's RIA investments this year have been made through Emigrant Partners, including an April deal to buy a stake in \$14.5bn Stratos Wealth Holdings and May investments in \$3bn Parallel Advisors and \$2.4bn Pure Financial Advisors.

With the deal, Emigrant Partners and Fiduciary Network now have stakes in 18 RIAs with around \$60bn in total assets.

‘It’s a pretty important milestone,’ said Emigrant Partners and Fiduciary Network chief executive Karl Heckenberg (pictured, right). ‘Our average RIA is now over \$3.3bn. That is unique amongst any capital partners, because I don’t think you can find one that has even half that number of investments or their average firm size is over \$3bn.’

In Hollencrest, Emigrant Partners is buying into a firm that is yearning to make acquisitions of its own. Hollencrest has not carried out a transaction since its 1999 founding but plans to use some of Emigrant’s investment to take its first steps into the M&A space and provide some financing for its junior partners to take equity in the firm.

‘We have had conversations with organizations in the past. We haven’t completed those transactions at that point. But we do think there’s an opportunity to do that, synergistically, of course,’ said Greg Pellizzon (pictured, left), Hollencrest’s chief executive. ‘We’d like to provide services that we provide our clients to potentially other organizations. With Emigrant’s background doing multiple transactions of that sort, we thought they’d be a good partner for us to get involved in that on a going-forward basis.’

Hollencrest, which specializes in working with affluent individuals and families, employs four advisors and four portfolio managers. The firm has a track record of making investments in private real estate and private equity, which Heckenberg indicated made Hollencrest particularly attractive.

‘The value-add that they provide on the direct real estate investing side is unique to our network,’ Heckenberg said. ‘We saw a lot of opportunities to help continue to expand that business.’

Park Sutton Advisors served as Hollencrest’s financial advisor, while Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP served as its legal counsel. Seward & Kissel LLP served as Emigrant Partners’ legal counsel.