Editorial Comment by Peter Kote – the key ingredient for a registered representative earnings is how much in commissions can be generated by a person or a group; terminology used is “production” and what percentage the representative can keep versus sharing with the broker dealer. The commission is shared with the wirehouse or broker dealer similar to a real estate agent with their broker. Each wirehouse or broker dealer will compete for registered representatives based on their “production” and the more annual production they have the greater the possibility of the registered representative keeping more of those commission dollars. The following are articles discussing the movement of the representatives between the different firms. Registered representatives can call themselves anything --- “advisers,” “financial planner,” “wealth counselor” or any other name but they all represent the company they work for as their first priority.

InvestmentNews DAILY

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Advisers on the Move

(Photo: Bloomberg News)

Defection of top team could trigger 'shock waves' at Merrill: Recruiter

'Circle of Champions' members jump to new home; managed $1B in assets

By Andrew Osterland
October 25, 2011 4:54 pm ET

Harvey Kadden and other high-profile Bank of America Merrill Lynch advisers based in New York City have jumped ship and joined Morgan Stanley Smith Barney LLC.

Mr. Kadden, a 30-year veteran at Merrill Lynch, was a member of the Circle of Champions, the highest financial adviser recognition club at Merrill, for over 10 years. He was named a managing director at the firm three years ago and has been a Barron's Top 1,000 adviser for the last three years.

Joining Mr. Kadden at MSSB are Mihir Patel, Randy Knopp, Tim Baker and Chris Barber. According to MSSB spokeswoman Christine Pollak, the five-man team had combined production of over $14 million during the trailing-12-month period and managed assets in excess of $1 billion.(See how this team sizes up against other recent Advisers on the Move.)

Mr. Patel and Mr. Knopp were also Circle of Champions members and managing directors at Merrill Lynch, while Mr. Baker worked on the taxable-fixed-income desk for five years before joining the team three years ago. He was named a member of the Executives Club this year. Mr. Barber has been with Merrill Lynch since late 2008.

“The numbers on these advisers are big, but what makes this a huge story is that they're a high-quality team making a move across the transom despite their retention packages,” said Mindy Diamond, who runs recruiting firm Diamond Consultants. “This will send shock waves through [Merrill Lynch].”

The team will join Morgan's Midtown Manhattan Complex and report to complex Manager Ben Firestein. Calls for comment to Bank of America Merrill Lynch were not immediately returned.

In a related item, Merrill Lynch announced today that it had recruited a five man advisory team from -- yep -- Morgan Stanley Smith Barney. Though not quite as large as Mr. Kadden's Merrill team that departed, it is a major signing. Jeffrey Dinkins, William McGrath, Peter Ianace, Rohit Mehrotra, and Jason Jaynes joined Merrill's Plano, Texas office from MSSB on Oct. 21. The team generated $4.4 million in production over the last 12 months and managed $478 million in assets. MSSB spokeswomen Christine Pollak confirmed the departures but said the production numbers were high.

Separately, Merrill also announced that Leonard Kinsman joined brokerage's Staten Island, New York office from Wells Fargo Advisors LLC. Mr. Kinsman managed $113 million in assets and had trailing 12 month production of $1.4 million. A call to Wells Fargo to confirm the departure was not immediately returned.

Another 100 Uvest brokers headed out the door at LPL

But firm added 161 advisers overall in 3Q, CFO Robert Moore says

By Bruce Kelly
October 26, 2011 1:14 pm ET

LPL Financial LLC expects to lose 100 bank brokers this quarter due to the continuing integration of Uvest Financial Services Group Inc., its broker-dealer that specializes in serving financial advisers that work with financial institutions.

That is on top of 22 Uvest brokers who left the firm in the third quarter, Robert Moore, chief financial officer of the broker-dealer's holding company, LPL Investment Holdings Inc., said in an interview.

LPL management said in March that it was consolidating Uvest with the company's main brokerage platform. The company also indicated that it would complete the rollup by the end of the year.

LPL acquired Uvest in 2006 for about $90 million in cash and stock.

InvestmentNews last week reported that LPL recently lost about 75 former Uvest representatives who generate about $17 million in fees and commissions annually. At the time, a few reps said that they were more comfortable working with a broker-dealer that focused specifically on financial institutions such as banks and credit unions.

Overall, LPL is exceeding its goals in adding new advisers to the firm, Mr. Moore said.

“We are quite pleased with the third-quarter results,” Mr. Moore said.

During the quarter, the company added 161 net new advisers, and for the 12-month period through September, it added 598.

That surpasses the firm's stated goal, which is to add 400 reps a year, Mr. Moore said.

He declined to say from where specifically LPL was attracting the new brokers, but he said that they came from a variety of brokerage channels, including wirehouse firms, broker-dealers affiliated with insurance companies and other independent-contractor broker-dealers.

At the end of last month, the company had 12,799 affiliated reps and advisers, making it by far the largest independent broker-dealer in the industry.

LPL Investment Holdings on Wednesday morning reported that third-quarter revenue rose 16.2% to $882.9 million, from $760 million a year earlier. Net income for the quarter was $36.4 million, up 39.3% from $26.1 million a year earlier.

- **Advisers on the Move:** Raymond James snags $216M rep from Wells Fargo; 10/26/2011
- **Advisers on the Move:** Ameriprise snags RBC rep with $100M 10/21/2011

Court orders Wells Fargo to pay up in failed raiding claim

Will have to pony up almost $1M to Stifel, broker

By Dan Jamieson
October 10, 2011 3:28 pm ET

A California appeals court has ordered Wells Fargo Advisors LLC to pay $915,000 in legal fees to Stifel Nicolaus & Co. Inc. and Stifel broker Chris Nielsen.

Last year, an arbitration panel ordered Wells Fargo to pay the fees, which stemmed from an unsuccessful raiding claim A.G. Edwards Inc. brought against Mr. Nielsen and Stifel in 2007.

A number of A.G. Edwards brokers jumped ship in the wake of the 2007 takeover of A.G. Edwards by Wachovia Securities LLC. Wachovia was later taken over by Wells Fargo.

After its arbitration loss last year, Wells Fargo appealed the arbitration decision to the San Francisco Superior Court, arguing that the arbitrators refused to consider or did not see some important evidence. The court upheld the arbitration ruling. Wells Fargo appealed again.

But in a ruling Friday, the appeals court rejected the firm's claim of prejudice by the arbitration panel.

“There is no doubt that A.G. Edwards was given a full and fair opportunity to present its claim,” the court's decision said.

It was not immediately clear whether Wells Fargo can appeal a third time.

Lawyers representing Mr. Nielsen and Stifel, and spokespersons for Wells Fargo, were not immediately available.

“I think [Wells Fargo was] grasping at straws” in appealing the case, Mr. Nielsen said.

Mr. Nielsen, based in Grass Valley, Calif., left Wachovia in October 2007 with several A.G. Edwards brokers to set up shop for Stifel.

A.G. Edwards claimed at the time that the brokers produced $1.6 million and had $220 million in client assets.

The dispute was one of several arising between A.G. Edwards and Stifel in the wake of the Wachovia takeover.

"The arbitrators in this case got it right and delivered a strong message," said Stifel's attorney, Joe Dougherty, co-managing shareholder at Buchanan Ingersoll & Rooney PC. "Now, two courts have agreed that the arbitrators' rulings should not be disturbed."

Mr. Dougherty said Wells Fargo could ask the California Supreme Court to review the case on appeal.

Wells Fargo spokesman Tony Mattera declined to comment.