

CUSO, Sorrento Pacific to be purchased by private equity-backed company

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CUSO Financial Services and its sister company Sorrento Pacific Financial have agreed to be bought by Atria Wealth Solutions, a newly formed wealth management services holding company backed by a private equity firm.

Atria will buy out the limited partners of the two third-party broker-dealers, changing them from partnerships to subsidiaries of a holding company, according to CUSO's announcement.

CUSO co-founders Valorie Seyfert and Amy Beattie will maintain an equity interest in the new holding company and will continue to lead both CUSO and Sorrento Financial, the firm said.

The terms of the deal were not disclosed.



Valorie Seyfert (left) and Amy Beattie, co-founders of CUSO Financial and Sorrento Pacific, will maintain an equity interest in Atria Wealth Solutions.

The company was founded by two former Morgan Stanley wealth management executives – Doug Ketterer, its former head of field management, and Eugene Elias, once Morgan Stanley's head of client and advisor platforms – and the former leader of acquisition and recruiting strategy at AIG Advisor Group, Kevin Beard. Ketterer will serve as Atria's CEO.

CUSO and Sorrento Pacific are among the top five third-party broker-dealers serving banks and credit unions, according to consulting firm Kehrer Bielan Research and Consulting.

"It will help spur their growth," Ken Kehrer, a principal of the research firm, said of the transaction. "They will have more money to invest in going after more credit unions and banks."

The deal was driven by what both Atria and the two firms said was a common vision for the future of the industry as it weathers an onslaught of regulatory and competitive changes.

"There are transformational events occurring in the wealth management industry today and we believe it is essential for advisors and their clients to have access to and be supported by the next generation of solutions," Ketterer said in a statement.

Seyfert echoed his remarks, saying that the deal would benefit both its financial institution clients as well as its advisers.

Atria said it would invest in technology and other key areas of the business, including support services and practice management.

"Our investments will focus on ways to strengthen and deepen the relationship between financial advisors and their clients, relieving advisors and their staff from administrative burdens," Ketterer said.

CUSO is currently owned by approximately 45 of the credit unions it works with, while Sorrento Pacific is wholly owned by Seyfert and Beattie. The change to the firms' ownership structure is in keeping with other third-party broker-dealers that serve banks and credit unions. Of the top 11 firms, only Infinex is owned by some of its bank clients.

"Everyone else now is owned by larger broker dealers that have brokerage operations outside of banks," said Kehrer.

The deal is expected to close within 60 to 90 business days pending FINRA's approval.

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