

# Kestra Financial acquires 600-rep H. Beck

Second big independent broker-dealer acquisition in as many weeks



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By **Bruce Kelly**  



The market for independent broker-dealer mergers saw its second sizeable deal in as many weeks as Kestra Financial Inc. said Tuesday it had acquired a 600 rep and adviser firm owned by insurance company **H. Beck Inc.**

Terms of the deal were not disclosed.

Kestra Financial produced \$423 million in total revenue last year, while H. Beck produced \$119 million in 2015, according to *InvestmentNews'* database of independent broker-dealers. H. Beck did not report its total revenue for 2016 to *InvestmentNews*.

H. Beck was previously owned by Securian Financial Group Inc., an insurance company. Insurers have been steadily exiting the brokerage business for several years as rising business costs and declining sales of high commission variable annuities have eaten into profits.

James Poer, CEO of Kestra, said in an interview that H. Beck was a good cultural fit and that its separate management team would remain in place, although there is a search for a new firm president.

H. Beck also clears with Pershing, while Kestra uses Fidelity's National Financial Services, therefore expanding the profile of a potential recruit, he noted.

Last year, NFP Corp., a leading insurance broker and consultant **sold a majority stake of its independent broker-dealer, NFP Advisor Services**, to funds managed by private equity shop Stone Point Capital. The firm changed its name to Kestra Financial at that time.

**At the start of the year**, industry executives and consultants widely believed more consolidation was coming to the IBD industry in 2017, but the market has been slowly developing. Small broker-dealers, who many consider the most vulnerable, are merging with larger firms.

But not until this month has the market seen deals involving larger firms like H. Beck.

**Just last week**, a former Morgan Stanley senior wealth management executive, Doug Ketterer, said he was launching a new wealth management firm and buying two broker-dealers, CUSO Financial Services and Sorrento Pacific Financial, that are home to close to 500 advisers.

The mergers and acquisitions market for broker-dealers will likely see activity for the remainder of the year, Mr. Poer said.

"I think the M&A market will heat up in the second half, with us and others," he said. "There are several buyers in the space. This deal shows Kestra's commitment to independent wealth management."

<http://www.investmentnews.com/article/20170808/FREE/170809941/kestra-financial-acquires-600-rep-h-beck>