



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is, the mindset of a mentor; how a two time Morgan Stanley breakaway built a \$3 billion plus RIA firm. It's a conversation with Brock Moseley, founder and managing partner of Miracle Mile Advisors. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

This podcast is available on our website, diamond-consultants.com, as well as Apple Podcasts and other major podcast platforms. If you are not already a subscriber and want to be notified of new show releases, please subscribe right on your favorite podcast platform or on the episode page on our website. For Apple Podcasts users, I'd be grateful if you'd give the show a review. Your input helps us to make this series better and alerts other advisors like you, who may find the content to be relevant. And while you're at it, if you know others who are considering change or simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely.

Mindy Diamond:

Even today at a time when independence has become mainstream, it's daunting for most advisors to consider leaving a big firm like Morgan Stanley to make the entrepreneurial leap. Think of what it was like at the beginning of the 21st century, the tech bubble had just burst leaving advisors and clients in a tailspin and independence was known only by a few courageous and Uber entrepreneurial types. At that time, Brock Moseley was just out of the training program at Morgan, one of few newly minted advisors who remained after the ground dropped out. It's what Brock describes as a really difficult time at the firm where mentorship had diminished and advisors were hanging on just trying to protect their books, but for Brock who started his first career path as a teacher in South Central LA when the riots broke out, it's tough times that show you what you're made of. He was presented with a new opportunity outside of the wirehouse, recruited as the next gen for independent firm, Bel Air Investment Advisors in Los Angeles; what was a billion dollar plus firm launched by Goldman Sachs breakaways in 1997.

Mindy Diamond:

And Brock credits Bel Air with giving him the opportunity to learn more about the business. Yet as time went on, he felt a misalignment between where he wanted to go and where the firm was headed. So in 2004, when Morgan Stanley was looking to recruit him back, Brock reupped. But ultimately for Brock, the ability to continually learn, grow and pass on that knowledge was ingrained in his nature. To him, to be exposed to opportunity is the only way to find one's real passion. And through it all, he knew that he could only live true to that ethos if he built his own business from the ground up, one that was based on everything he couldn't find anywhere else.

Mindy Diamond:



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

As such in 2007, he launched Miracle Mile Advisors in LA. Today the firm manages over \$3 billion in assets and has become a prolific acquirer, but for Brock it's a business that's rooted in the concept of mentorship and an ideal near and dear to his own heart, as the chairman of the board of directors of Big Brothers Big Sisters of Greater LA.

Mindy Diamond:

In this episode, Brock shares his extraordinary journey with Louis Diamond. He talks about his early days at Morgan and Bel Air and how each helped him clarify his vision for Miracle Mile. He discusses the decision to sell a piece of his business to Merchant and how he anticipates that will impact the firm going forward. And he shares incredible and thoughtful insights on building a business and the real value it holds. So let's get to it.

Louis Diamond:

Brock, thanks so much for joining us today.

Brock Moseley:

Thanks for having me.

Louis Diamond:

Very good. So why don't you tell us about your background and why you decided to pursue a career as an advisor in the first place?

Brock Moseley:

Well, I came to this business, pulled into the business I would say, in the late nineties. Originally was at Stanford, graduated in '93, went into investment banking and went back to business school in the late nineties and I was looking at a lot of different fields of study, always loved the markets, loved the advisory business. I was thinking things more on the institutional side and then this little tech boom of the nineties happened and a lot of my friends at Stanford were all of a sudden worth a lot of money on paper, and many of them called me and said, "Hey, you're the only one that didn't get a computer science degree. You're our finance friend. You should really think about this area of business and providing advice." So while I was in business school, I worked on the trading floor for Merrill Lynch on the institutional sales trading side and really got pulled into the business and said, I really wanted to be in something that was not so transactional.

Brock Moseley:

I had done investment banking, which was a ton of transactional work moons before and wanted to be in the relationship business and this was kind of a natural progression. And got a position with Morgan Stanley and their high net worth group coming out of business school in '99, and that was the beginning



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

of a career. I came out in '99 and really trained in New York for about a year and had a great training program there. And then 2000 sat on my desk in Los Angeles and just started to build a business going after families of \$10 million or more and all of a sudden the tech bubble burst. And there was 35 of us in our training class, which was a crazy story and I think I'm one of two that is still in this business. And we were all from top business schools, we all loved the advisory business, we all went into high net worth area. Now it's been a 23 year career in this space and I'm one of the few still remaining from that Morgan Stanley original class.

Louis Diamond:

Amazing. Well, it sounds like you're a real slacker in your early years: Stanford, Northwestern and investment banking. What were you doing with your life?

Brock Moseley:

Yeah, exactly. I didn't know this is the area. I guess there's one part I left out. I got very involved in education. I'm from a long line of educators. My grandfather's a principal for 35 years. Both my grandmothers were teachers for 40 plus years, so I've always been very interested in teaching, education. I have a master's in education. Talk about that typically in my background, but I just always was attracted to the idea of educating and mentoring and so this was interesting for me. I started a school here in South Central Los Angeles after the riots. It was a summer school program, after the Rodney King riots in 1992 and really it changed my thinking and thought I was going to do something different with my life.

Brock Moseley:

And then I went to DC to lobby for educational issues and decided this is just a one year program. Got my master's in education from Howard University in DC and was focusing on education and really how I could change the world, but unfortunately I couldn't get financing for my school, this summer school program that the fear was gone post that summer and I just felt like I wanted to continue to give back to the community and I needed to not be dependent on any patrons to finance the things that I thought were important. And so the real story is that investment banking was the field where my friends had gone into and they were making a lot of money and felt like that was an area that looked interesting. I didn't really know what I was doing, but that's really how I ended up in investment banking, a far cry from my world of education. Still stayed involved with mentoring and a lot of educational projects, but decided that wasn't going to be necessarily my career path, but more my passion.

Louis Diamond:

Very, very interesting. And I was going to ask you this later on, but we're already topic. So I know you've been with Big Brothers and Big Sisters and working with them closely for over 40 years. Can you talk about how now within your role at Miracle Mile and now being such a successful business owner on your own, how that has enabled you to help people? So maybe you didn't change the world like you



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

initially thought, but you're still plugged into helping others in a very meaningful way. Can you talk a little bit about that?

Brock Moseley:

Sure. I started off, my parents were divorced when I was two and really was raised by a single mom and there was this Big Brothers Big Sisters mentoring program in Los Angeles started by Walt Disney, some 20 years prior than I got involved. The idea was one-on-one mentoring and young boys and adult men and young girls and women really mentoring this next generation and playing a role. I was a young kid. My mom convinced me to get involved and I had a really special relationship with my big brother at the time, which turned into a lifelong relationship. We're still extraordinarily close, but then it just exposed me to so much in the world.

Brock Moseley:

And frankly, I gave him a little bit of some of the kudos for really exposing me to the world of banking. He happened to be an investment banker. I didn't know any investment bankers in my life, so I sort knew what investment making was from that experience, but what it did was it started me on a lifetime of mentoring and the importance of mentoring. It meant so much to me, it was so transformative to create opportunities for kids like Anne. I wanted to do that in my future life, so I've been over the years involved with this program here in Los Angeles. I've been a mentee to several young men and watched them grow up and go to college. I've been on the board for 20 plus years. I was the youngest board member at one point. I'm not so now today, but now I'm the chairman of the board, so it's been sort of full circle, something where I started and felt the impacts the program and have been involved in every facet of that program.

Brock Moseley:

And mentoring means a lot to me. It's a philosophy I have for life is looking and finding talent, exposing talent, to opportunity and through that opportunity, people can find careers, they can find passions, they can find goals. And that was important for me as I looked to build out a firm that I would also try to go find talent and help nurture that talent and hopefully people could find their passions and things that are important to them and we could help our clients along the way.

Louis Diamond:

So powerful. Not every advisor, especially ones that are running a thriving enterprise can make time for philanthropic causes. So to have the consistency to give back to people who used to be in your shoes is really incredible. Thanks so much for sharing and I'm sure we'll talk more about this as we move forward in this interview. So let's skip back to the star of the show, which is wealth management. So you talked a little bit about going into the Morgan Stanley training program around the time the tech bubble burst. So can you talk about your progression? Morgan Stanley. I think you worked for a company called Bel Air



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Investments for a period of time and just what the path was to the eventual launch of Miracle Mile, 2007.

Brock Moseley:

Sure. So yeah, I came in Morgan Stanley in a training class of '99, I guess that would be and started in 2000 and bubble burst and few months into the 2000 year, it was a very difficult time and many of my colleagues were reverting back to their old professions. It was very difficult for, I guess I was 30 years old, 31 for us to go out and develop business relationships when the markets were kind of imploding to some degree, especially in the tech area, which was a big area that I was focused on given my relationships. And many people just left the business. For me, it was a very difficult time, but my belief system was you learn all your best lessons in the worst of times and that when everything's going well everybody believes they're brilliant, but when the tough times happen, that's when you start to really learn.

Brock Moseley:

The challenge was at Morgan Stanley at that time, people were trying to protect their books. There wasn't a lot of mentorship going on and I think the firm was just trying to find its way through a very difficult time. I got approached by a gentleman who had started a firm called Bel Air Investment Advisors. They had gone independent a few years before, left Goldman Sachs. Started with a billion dollars, built that up and they were looking for a next generation of talent. And so we kept talking and they kept calling me. We were in the same building and eventually they made be an offer I couldn't refuse to come and really learn the business. And so I give them a lot of credit, so the senior partners there. For those first few years, I really learned the business at Bel Air Investment Advisors, very seasoned veterans that had been in the business for 15 to 20 some years, really helped start or led the high net worth business in Goldman Sachs from the seventies. I think they had even started in the business. So learned a lot.

Brock Moseley:

And that goes back to mentoring, right? Learned a lot about the business, but also they were doing things in the very similar way that they did things at Goldman and I felt like the business was moving in a different direction. I wasn't trained to be a stockbroker, so to speak or a product salesman and I felt like that was a lot of the background of a lot of people in the business. I came as a student of the business. I looked at this as a business and I saw that clients wanted something different and it was a new breed of clients. So I decided that that wasn't the right place for me. Literally went back. I was always being recruited back to Morgan Stanley, literally the same office I left. They tried to recruit me back from the moment I left. Never burned a bridge in my life and that's very important for everyone that's in this business not to burn bridges as they move around.

Brock Moseley:



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Got recruited back there, I had my own team there, but eventually found the same challenges in a bulge bracket firm that I saw when I left, which is a lot of it was around selling specific products to very high net worth people. I didn't feel comfortable with that and I wanted to be in an advisory business. So in life you could only complain so much and be critical so much. Eventually if you can't find what you want where you are then you need to go create it yourself. That's how Miracle Mile came to be. That was the mindset. There's more that goes into it, but that was the mindset of making the shift.

Louis Diamond:

Yeah. Lots to unpack there. So you broke away from Morgan, you joined an RIA. So what was the experience like going from a large firm, like a Morgan to joining an RIA, not as an owner, but as a next generation employee? How did what you saw working for a high end RIA like Bel Air, did that inform what Miracle Mile eventually became? And what was it about Bel Air maybe that sparked you about the RIA business model? Because obviously it's quite different from what you said that the product culture of a Morgan and some of the larger firms.

Brock Moseley:

Yeah. I guess what I saw and what I loved about the independent advisory firm was that you could go in any direction you really wanted to go into. You could build it and you could be really advice centric, and it didn't have to be about products. The choices that were made by leadership at Bel Air was they thought that was what they knew and that was the way they wanted to continue to do their business. For me, that wasn't the future, that was the past of what the business had been about, constructing very specific stock only portfolios focusing on the US primarily and doing some basic kind of bond management. But that wasn't where I saw the business. There was this term being used at that time called open architecture where you could invest globally and you could look outside of the traditional models.

Brock Moseley:

And then there was also this idea of more services, family offices type services, really providing holistic advice. And that wasn't the bread and butter there at the time, so I wanted to do that and I thought that was where the business was going. I thought the demands of the business were changing and I wanted to do something innovative. And I just couldn't do them obviously under their strategic plan and Morgan Stanley I had my own set of hurdles, but I really realized that, wow, to really do this in an independent fashion, to be able to do things your way and then to hopefully attract like-minded people into that construct that think like you, or think outside the box like you, that was exciting for me and so that drove me. And then ultimately I had a partner to start it off, Katherine Krantz, who was at Morgan Stanley previously and had moved on there to really develop the platform that became Miracle Mile Advisors and that was really an exciting time. That was in 2000... Well, probably took a few years, but 2007 is when we launched.



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Louis Diamond:

So something you mentioned that I wanted to comment on. You said that... I'm paraphrase here, that you had an urge to be a business owner to do something entrepreneurial, and it was a vision and a belief of what you wanted, your business, your client service model to look like that drove you to create something that in your view hadn't existed at the time. I think what's so interesting about that comment, and it's very, very similar to many of other very successful independent advisors is when they were considering breaking away, oftentimes they're not running away from something. So they're not doing it because they're so incredibly unhappy where they are. For the most part, the larger drive is building something that they just couldn't where they were. And they saw an opportunity. They had that entrepreneurial DNA and they decided to create their own firm. So I just wanted to comment on that because I think that is a really common element of some of the most successful breakaway advisors is the vision that they have for the future and a vision that's bigger than what they can accomplish at their current firm.

Brock Moseley:

I think that's absolutely the case. It's interesting when you say that the most accomplished or successful advisors. Success is a very interesting word to use in this business. What is success? You have multi billion dollar firm or you grow at this rate or really good at making revenues and success is different to other people. There's a lot of various successful advisors at Morgan Stanleys and other firms. I just think that there are certain people that have developed independence that saw opportunities in the marketplace and ran towards them. And originally for us, and it was ETFs were starting to be utilized. I had started investing using ETFs in 2003, 4, and there was really no place for you to use ETFs on a platform that was built around investing in private investments or hedge funds, or really all this active management.

Brock Moseley:

But since I really had come to the business as a student of the markets, I really analyzed the real alpha, what was being generated from active management and I said, wow, we could really use this in a different way. Not in just sort of a lip service way of a hub and spoke strategy, but how could this be utilized more effectively to create models that were very tax efficient, low cost, all of those different things. So originally, from an investment standpoint, it was utilizing all ETF models and I don't know how many firms at the time, if there were any, that were using a hundred percent ETFs to build some of their models. We were even on the fixed income side, which were limited, but we were still using them.

Brock Moseley:

So we were pioneers in investing in that fashion at the time and I felt a lot of comfort in that, because you could be creative, you could do these things, but there was a lot of education involved with starting a new firm, convincing people you were with for a number of years that, "Hey, hedge fund investing or all this other type of stuff might not be the best strategy for your goals." There was a learning process.



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

So there were some bold maneuvers being made early on and it wasn't just about setting up your shingle. It was about what did you stand for? How was that different than what else was out there? And then whether or not you could convince the people you had been taking care of that you could do this on your own, that was without the calling card of a large firm and infrastructure theoretically behind you.

Brock Moseley:

So that was a challenging sell, but it was one that it... Technology had come so far, things that had cost a fortune in terms of research, you could more readily... It was more readily accessible at that point and so technology was a big driver and me and my partner at the time having that bold moment that awe can go do this and that was important.

Louis Diamond:

So when you launched the business back in '07, there was no breakaway movement. You're probably just looked at as the crazy person who went and entered this kind of undiscovered segment of the industry. I'm sure there's a lot of question marks from your Morgan Stanley colleagues and family and friends, what's an RIA, what's a custodian? Back then it was nowhere near as developed as it was now. Now you have all these outsourcing partners and platform providers and capital that just wasn't there in '07. So briefly, can you share, what was it like building an RIA back in, we'll say probably 2006 is when it started and into 2007 with the launch, how did you get it up and running and what was the process for getting rolling?

Brock Moseley:

Yeah, well, first of all, I had to really figure out what my real vision was and value proposition was. And part of it was ETF investing, which was a nuanced, very innovative way to invest at that time. And so that was the passive versus active discussion piece. That was one part of it. But I think the bigger part of it was just, how do you do all the things from an operational standpoint, from a compliance standpoint, from an execution standpoint, how are you going to get all those things done without all this back office and all these capabilities? And I will give credit to, called it, a number of custodians. There's only a few to choose from, but Schwab had really been a pioneer in helping the RIA develop and they were great at helping think through what it was to be independent, the check boxes, how to start the business, how they could support you, how do you go and you get outside legal, compliance, support, all those different things? They had a smaller RIA business obviously then, RIA support business, but they were very hopeful at that time and getting things going.

Brock Moseley:

So I lean in on a lot of the expertise pitfalls, looking at what the best and most efficient independent firms, how they manage their risk/reward as a business and use that playbook to start to build out what



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

we were doing. So one custodian at the time. Now we have three custodians that we work with, but originally it was Schwab and they were very supportive of the business.

Louis Diamond:

How have you seen the technology solutions and then access to products and platforms, how have you seen that change since you launched the business in '07?

Brock Moseley:

It's unlimited. It's completely changed. There is so much access to so many different types of investment tools just in the last, I'd say 10, 15 years, you've got a number of... Maybe you have 10, at least 10. A number of these ancillary businesses that have come along to try to solve problems for RIAs, like who wanted to be alternatives or are private investments and they've created whole business models where they just can private label or support the RIA and help them come up with a solution. And you've just seen so much of that. There are solutions on solutions in terms of compliance and TAMP models and so many different strategies and businesses that have come to the forefront to really allow you the RIA or whatever, advisor, let's call it an advisor led RIA to do what they want to do, what they enjoy doing. So if you enjoy interacting with clients, you get some... Almost outsource everything, outsource the investments, outsource all this. Just interact with your clients. If you don't like back office, you can outsource that.

Brock Moseley:

There's just so many other ways that you can do this business where when I started, I opened all the accounts. I had an administrative assistant. My partner and I helped get the models going, but I was doing all the trading. I was a chief compliant officer, I was a chief investment officer. So I was doing everything and all the client meetings. So things have changed a lot and I think it's much easier now to step out on your own and execute on a business. I don't think these people are as, that I see leave firms are necessarily driven by innovation or doing things different in the way that maybe my cohorts were many years ago. I think they're more just see an economic opportunity to be their own boss and to build some equity value in something they can potentially sell, frankly, but I think that there is an opportunity.

Brock Moseley:

I think it's much easier now to go that route and so a clearer pathway and I think that's why you're seeing so many breakaway, advisory teams from bulge bracket firms, so many RIAs, so many just people just hanging a shingle calling themselves something and it works now. There's trust in the business. One thing I'll note is that I started in 2007. We started in 2007, in 2008, we had the meltdown and the Bernie Madoff issues and that was an interesting time for the independent. Bernie Madoff and I sent out an email to all my clients at the time and said, "Hey, 10 reasons why this Bernie Madoff could never happen at Miracle Mile." Money's [inaudible 00:25:19] independent custodian, there's no black box strategies,



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

all these different things. I thought, are these really pedestrian that I'm sending this out? Of course my clients know me and trust me and all this good stuff. And they were all so thank...

Brock Moseley:

And I was like, "Wow." Kind of partially offended, because I was like, wow, how could you ever think anything strange or whatever? But at the same time I realized that they were taking a leap by leaving Morgan Stanley or Goldman Sachs or some of the other Merrill Lynch or some of the bigger firms to come to an independent and there was just a lot of fear out there. That fear no longer exists, independent firms that are hundreds of billions of dollars, private equity backed. It's just a very different world than what it was when Miracle Mile first came on the scene.

Louis Diamond:

Yeah, it definitely sounds that way. You've had a front row seat to the evolution of the RIA space and the whole ecosystem that goes to support, not just a breakaway advisor, but an already established RIA. So I have two follow up questions from what you mentioned. The first is back when you launched the firm to now, what's been one of the most impactful changes that you've seen and how you can service clients, whether it's a type of product or it's a platform that's available or a piece of technology, what's been the most impactful change for what you can do better for clients now over the last 14, 15 years?

Brock Moseley:

I think it's the sophistication of the technology, meaning we have a pretty robust client portal that allows us to update information, share information in a more safe environment, convey our thoughts to our clients so they feel like they're always in the know. One of my big sayings is like, you might not always... We might not always be right in the things that we are investing in, but you'll always know why we're investing the way we're investing. So educating our clients on our thinking has always been really important to me and to Miracle Mile and having a very educated client. It used to be you just, you're sending out emails all the time and you're updating them and there's so many changes. Now with technology, you can reach everyone. It feels very customized because they're being touched in a way that's impactful, but at the same time, it isn't as customized as it feels.

Brock Moseley:

And I think technology has really helped, that has really helped the feel, the look, level of sophistication. So even though you might be a smaller firm, it feels like you are with, and the best thinking, the best technology we are harnessing that. It is us driving, us being independents, we're driving what this industry should look like and the customization and all of that, not the big bulge bracket firms with their apps and the things they're doing. So I feel like we are the innovators and technology has allowed us to actually lead the way and not necessarily follow what these big budgeted marketing and technology bulge bracket firms are doing.



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Louis Diamond:

Yeah. That makes great sense. It's, "Okay, here's my strategy as a business and let's find the technology that supports my strategy." Versus letting the tail wag the dog the other way.

Brock Moseley:

Yeah, absolutely.

Louis Diamond:

One other question from what we were talking about with some of the changes that have happened in the last 15 years or so, since you launched the business, do you see it as a positive or a negative that now there's so many more RIAs? Now as we're recording this in 2022 than there were in 2007, do you think it dilutes the value proposition of an RIA or maybe it's a positive in some capacity?

Brock Moseley:

Well, we used to win business by taking it from the bulge bracket firms, because it was obviously a difference, but when many firms are fiduciaries or are independent, it becomes a challenge to convince them that your thinking is sound thinking. So I think from just a pure business development standpoint, you don't have that sort of unique story, but I think from a user adoption standpoint, meaning from the client, the prospective client, there's a lot more comfort in the independent and they actually can see the value in the independent and know they're getting great thinking and client service and all the other boxes are checked. So I like it. I think it's a good thing ultimately, because now people are more comfortable. And truthfully, when we started the business, you were finding clients and some of them were at... "Here we'll try you for a million dollars, but the \$30 million that we have is going to stay at this firm or that firm."

Brock Moseley:

I mean the reality is that last several handful of clients, 10 clients, these are 25 million and above types of clients, we're managing their much larger estates, they are more comfortable. It's also a nature of the size of what we're doing and the robust nature of the team and our service offering is developed over time, but I just also think that there's this level of comfort that they're getting all the things that they want and they need, and it feels more like a family office solution than it does like a cookie cutter solution set that the advisor at the bulge bracket firm is just kind of pulling off of a menu of choices.

Louis Diamond:

Yeah. So similar to how the breakaway movement was really started is there was a number of dominoes had to fall, but one of the largest ones was the validation of large teams and trusted colleagues before making the move and advisors getting confidence by seeing some of the most well respected people in their networks or in their firms go strike it on their own. That was the domino that fell to trigger the



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

breakaway movement. You're talking about it from the client standpoint, it was really hard to educate and had to explain what this model was, but now even though it might not be as unique to be an RIA as it once was, it's a benefit to have the validation of the model now as the client and makes your job a little bit easier in answering some questions.

Brock Moseley:

Yeah.

Louis Diamond:

Perfect. So let's pivot probably what you're more interested to talk about. Let's hear about Miracle Mile. So can you talk to us about your value proposition? And then just give us some perspective on how large the firm is, what's the type of clients you work with, size of the team. Anything that would be helpful just to paint a better picture for what you're doing out in California.

Brock Moseley:

Yeah. Well, it's a \$3 billion AUM firm. There's 45 of us. There's five different offices. Our, I guess, average client size is more in the two and a half to \$3 million range. I think our largest client has over a hundred, some million that we actually investing for them. We might oversee even more, but that's a specific client. But many of them are \$5 million, \$10 million of investible assets, but a much larger estate than that. So we are really over the last, I would say, five or six years found ourselves gravitating way more to a kind of family office model where we're doing a lot more services. I think many firms have moved to the more technology or robo-advisor platform. We have said, based on the demands of the clientele that we see, they want more from us. They want us to be more involved in the financial decision making.

Brock Moseley:

So that's really where we've driven the firm towards more services, more support, helping be part of a larger team, doing a lot of advanced estate planning along with estate planning attorneys and helping entrepreneurs as they go to chapter two of their lives, selling their businesses and thinking about a lot of pre-liquidity planning and just putting ourselves on the side of the client from a personal standpoint, family standpoint, an investment standpoint, and that has been, I think, has helped us dramatically and has really led to the incredible growth of our business. I think we ended 2019 with maybe a billion, four hundred management or something like that. Now we're at three during COVID and we've added these different groups and teams along the way. The dream for Miracle Mile had always been a very simple one in my eyes, which was build the right platform, we made it a dynamic platform.

Brock Moseley:

Hopefully the vision could form, but then change over time by attracting more like-minded talent and as different advisors joined the team and then some of them became partners and you added other layers,



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Miracle Mile kept opening up and saying, "What should we morph into next? What's the next thing we should do?" And since we were all advisors with clients, listening to our clients, really what's happened with our firm is it shape shifted. And I always joke, yes, it was the vision, my vision to start Miracle Mile Advisors and yes, it was my vision to help build out ETF only platforms originally, but where we have morphed into and what we're doing is being driven by a lot more than my initial vision. And I think that is part of what's attracted some of the other advisors that have joined us and have become partners with us, even people who had RIAs before that. We've basically brought their RIAs in house or acquired their RIAs. It was the way we think about the next five years.

Brock Moseley:

What we were doing before isn't necessarily exactly how the business is going to be run in the future and all of those advisors or I call them partners will be coming in and they have a say in where we're going. This isn't about whether I own this much of the business or they own this much of the business. This is about how do we make this a better business experience for our clients and the demands of your clients. If that's we need more technology, if we need more support, if we need more, whatever. If you need it, I probably need it too. And so that was something I think that really attracted very specific types of advisors or other previous RIA business owners to come to the Miracle Mile family. It was they still had say, they still had an ability to guide us into the next generation. And then there was just a trust level do we trust that we're thinking about this in the right strategic way? Are we seeing where the puck is going? So to speak.

Brock Moseley:

And I think that is one of the attractive features versus a large private equity backed firm that is going to pay your TAMP model, it's going to pay a ridiculous multiple for your business, but you're going to fall in line and rinse and repeat, and they're going to get big and go public or find some other strategy for you. That wasn't really the driver of the types of advisors that we were talking to and we've talked to many of them, hundreds I would even say at this point, maybe thousands, but it feels that way, but at least several hundred. And it's just about what drives them day to day. So that's part of our value proposition out there in the marketplace when we are trying to attract like-minded advisors. But I think that also trickles down into our culture of all of our employees and then they can see, our clients, can see what we value. They feel that we value them and that they're the most important thing at the end of the day. So I think those are some of the drivers.

Louis Diamond:

Yeah, very good. And we'll hit more on your inorganic growth agenda in a little bit, but something you mentioned, I heard the word more. I wrote an article for Barron's that came out in the middle of February, 2022. And it was the premise that clients are demanding more from their advisors, so advisors are demanding more from their firms. All the while firms are demanding more from their advisors. This vicious cycle, if you will. So I'm curious, what were the client demands that led you to innovate and add



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

more services? And what specific service did you add? Because you mentioned that you kind of morphed the business from... Sounded like being more investment focused, talking about the ETFs to now being more holistic and just offering more value to your client base.

Brock Moseley:

Yeah, well, many of our clients were entrepreneurs or had a lot of private investments, so to have that investment strategy group that's only keyed in on the models or the liquid assets that we were investing wasn't enough. You needed to have a team, a deep bench to help assess all the different assets they had in their lives. So even though we may not know the nuances of a private investment, we did need to know how to incorporate that into their larger household or estate and understand how much risk they were taking and be able to convey that and moderate that for them. So first of all, it was just pure talent on the investment, from our investment strategy group side and from our analytical side. So that was one thing. They just wanted more advice. They were also bringing in a lot of different investment opportunities our way. We've got a pretty smart, diverse group of people here with interesting backgrounds in being able to understand and dig into businesses and understand if they're good businesses or a good business plan. That was helpful for clients.

Brock Moseley:

But it's reached beyond that. Now it's really like, we want you to think about our next generation, we want you to think about how do we educate the next generation, we want you to think about socially responsible investing in a very different way. How do we incorporate that? So the demands there have been pretty intense. We have a younger group of clients that are coming along now that are business owners that are really thinking differently about their money, I would say. They want that money to match their value system in a way that maybe we didn't see as much of in the past. So you had to be creative in you're offering.

Brock Moseley:

And then the other part of that is just finding ways to add more services from a tax standpoint, accounting standpoint. And we've partnered with number of CPAs and different groups to really create a more holistic product offering, even though some of that might not be necessarily in house. The way that it's structured in the way that it's created in the way that it's run is really, you've got a team. This team is working together and this is how we're executing all the solutions for you. So it really just became much more like, tell us what you're trying to accomplish, tell us what will help you sleep at night. And we wanted to build to that and it became less just about pure, did we make 300 basis points above this benchmark or that benchmark? So I think those have been big drivers.

Louis Diamond:



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Well said. And what's one or two aspects of your client facing value proposition that helps you compete for ultra wealthy clients versus either the private wealth teams at the major wirehouses or even multifamily offices that are in your market or around the country?

Brock Moseley:

It's not that we don't all have access to very similar types of technology or planning software. I do think though, given the fact that we have a smaller number of clients, there are no products to sell. So it never feels like you're like on the wrong side, especially when it gets to bulge bracket firms. We're like, "Oh, let's put a little bit of that private equity fund 12 into the portfolio or this." It doesn't feel like it's a machine. It feels really like you have your own family office team. Everyone knows all the clients here. We have an operational system and a client service associate team here that works with our clients and our backups, some backups. I think it was just the level of attention, support they were getting, the fact they weren't being sold certain things and the fact that there weren't like 6,000 clients.

Brock Moseley:

But I think at the end of the day too, it's really the expertise of the advisor. I mean, one reason you go independent is because you actually think that you have enough skill to either give the answer that's needed or to help find the answer that's needed. So I think with our process and everyone feels like we're executing at the highest level, that they get what they want, they get immediate attention. They have the best thinking that we can provide, meaning the groups of clients that I work with, they've got my brain full time. I'm not sidetracked on trying to sell whatever they're telling me sell over here or worrying about managing the inner workings or politics of an office or whatever it is. I really can focus and hone my attention. And when I need expertise, we have enough support here in the firm to really make people feel, because I think ultimately it comes down to feeling, feel like we have their best interest at heart. They've got the smartest team that they trust behind them.

Brock Moseley:

And we just are problem solvers. We solve any problem that's out there. If we don't have a solution set, we put our energy and our time into it. So I'm not saying other firms don't have smart people. It's not about being smart. I always consider myself to be pretty intelligent and I can understand things, but if you don't have the time, if you don't have the focus and you don't have the right team around you, where you see a lot of turnover in our business. We don't have a lot of turnover. This is a place where we've got young advisors here that have been with us for 10 years. They came straight out of college and now they're like, Darren's 30 under 30. It's like unbelievable what has happened and how we've trained up people.

Brock Moseley:

And I think that feeling of consistency supporting that next generation, it resonates, especially as clients are looking for new and innovative thought, there's a movement to have more diverse thinking in our



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

business and not just doing things the way that things used to be done. So they could see that in everything that we do in our business and how we deliver our product, which is ourselves, our advice.

Louis Diamond:

Yeah. Another couple gems of wisdom there. So I appreciate that. I really liked your part of the answer too about how independents have the desire to know the answer or have the burning desire to go know how to find the answer. That's sometimes a wake up call for advisors that are in a captive environment because they might know what the answer is, they may not be able to go and implement that answer, or if they don't know the answer, the answer's probably going to be no.

Brock Moseley:

That's huge. What you just said right there is absolutely a driving force. There was literally a moment when I knew I was no longer going to be at Morgan Stanley and there was internal real estate fund and probably the third or fourth iteration. I won't name it. And they wanted me to sell it to, which was a billion dollar family that I was working with at the time, this fund and they wanted all of us to go present this and sell this. And I said, this family, they owned a nice percentage of Texas. They don't need anymore real estate and the push was still, go sell this product. In the same instance, there were just things that they didn't allow you to look at. They didn't fit within their approved lists and it just got constricting. It just didn't allow for a lot of innovative thinking, and I'm not talking about taking a massive amount of risk. It's just didn't work in their system.

Brock Moseley:

They were just so focused on not getting sued or not changing things and making advisors asset gatherers instead of thinkers. And that wasn't attractive to me. I didn't get into this business because I wanted to sell product. I got in this business because I wanted to be an advisor and I wanted to bring thinking and the best thinking to the fore and I just couldn't do it within those structures.

Louis Diamond:

Yep, absolutely. Okay. Let's move forward here. So as part of Miracle Mile's evolution, and really the evolution of many businesses is start off owning all of your own equity and then thinking about how to scale it and eventually thinking bigger. And part of that is, do I sell a piece of my business in order to fuel my growth? So it sounds like you got to that point, not too long ago, by selling a minority portion of your business to powerhouse investor, Merchant Investment Management. We had Tim Bello on this show a little while back, and he shared a little bit of the Merchant story, but can you just talk about the decision to sell a portion of the business, why you picked Merchant and ultimately what value do you get now that you have Merchant as one of your partners?

Brock Moseley:



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Yeah, I mean, we had been a hundred percent owned by ourselves, had built probably to the first, let's just call it 1,000,000,003 by just a few advisors that may join the fold and we all did it together and we just grew the firm. Ultimately though, as we started to see the landscape, we thought that we had built some great infrastructure and we wanted to share that with more advisory teams groups. But as you go out into that marketplace, that inorganic marketplace, it's a very competitive marketplace. You needed capital to acquire a portion or all of these other advisory businesses, so you needed a financing arm.

Brock Moseley:

We started off by looking for a smart financing. We found Merchant through an introduction. Loved the team over there, loved the experience level of the teams. Awesome. Rick D'Amico, Matt Brinker, all these guys, just sharp guys that had been around the business a long time and there was a lot to learn from them. They had run very incredible inorganic growth strategies and had done different things from the financing side, from all facets of the business. So once again, I'm the student of the business and so are my partners here. We wanted to learn more. And so we started off on the financing side and they were awesome with helping us do the first couple of our partnerships or acquisitions. And then they said, "Hey, we really like what you all are doing. We think that's something you can continue to build. We want to take an equity investment and let's really work on this together and build this out."

Brock Moseley:

And we thought long and hard and we didn't need it really, but we said, "Hey, we want a partner as we move forward." So Merchant was awesome and that was a great time for us. And they were very instrumental in helping us think through, as we build across the country. We've got a partnership in Long Island, we got partnership in Oregon, we have partnerships in different areas. They do all the pitfalls of having relationships where they're just not all in your backyard. And I think that was really, really important. And so that's how that came about, was very organic and it just was built around smart people, been in the business and we could learn a lot from them. And so we talked to a lot of different people, but they were the folks that we wanted to be in business with.

Louis Diamond:

Yeah. So it sounded like it wasn't because you or your partners had the desire to cash out or take chips off the table. It was more about how can we most efficiently become more of a national firm and picking your partners wisely? So it wasn't about the money. It was much more about what does Merchant bring to the table that helps us fulfill our vision of democratizing the Miracle Mile experience for many more advisors than we might know in our network, or that might just be in the greater Los Angeles area.

Brock Moseley:

Absolutely.

Louis Diamond:



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

Any sleepless nights or apprehension pre or post deal about selling a portion of the business, about whether it's control or kind of having seller's remorse?

Brock Moseley:

No, I mean, it's your baby, so whenever you sell something you're like, what's happened? But there have been other partners... We have other partners here at the firm, so we all just had to think long and hard about what we were trying to accomplish together and I think it's important that you reassess your vision frequently. So every three or five years you say this was a three year strat plan, are we there? Should we be speeding that up? Should we be going in a different direction? I've always been keenly aware of what I don't know, of where I don't have all the answers and I think it's just sometimes important. I'm a believer in consultants and people who've done it before. And so I think once the partners were aligned that we wanted to take this to the next level or more importantly, that we had something that would be attractive to other advisors across this country that wasn't already out there, or a structure or a way to do things. It wasn't just what you were seeing at some of these big private equity backed firms.

Brock Moseley:

That was when we were like, "Hey, we should have this much intelligence in the room as we can." And that was really the driving force. So no regrets in doing the deal. It was literally, we knew what we wanted. It's just like investing. You look at the tea leaves, you see the macro landscape and then you make your decisions and you make them work and it's hence worked so far and we've had a lot of success with tracking talent. It nice to have a nice balance sheet behind you, a smart group, and people who can think creatively and test some of your thinking, but they have been great partners. We still run the firm and we communicate often and we talk about our thinking, but obviously they've been aligned. Our incentives are aligned, we're all in it together. And they've trusted in our management, how we do things and we've trusted in their feedback. So it's been a good relationship.

Louis Diamond:

Good. I'm very happy to hear that. Last question. I feel like I can talk to you for another three hours, but you're busy and don't want to tie you up for much longer. So what's the advisor facing value proposition for Miracle Mile? Why would a breakaway advisor, an RIA or any advisor across the country opt to come join your organization? And if you can also just talk briefly about how you bring people in, are you buying the whole business? Are you buying a portion of it? And what does life look like for the advisor post transaction?

Brock Moseley:

A lot of questions in there. We bought partial pieces of business, which is just investing in the partnership. We've bought a hundred percent equity of other businesses. Part of our value proposition is that we do what we think, or we find the right fit and partnership for whatever that group is looking



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

for. And so really it's really important for us upfront to understand what the goals of that team or that advisor is. The RIAs that we've had successful or advisors that we've had successful relationships with that have helped them, they've had needs, very specific needs that we could actually perform, right? It's not, if you want someone that just help you with operations or with doing compliance. I mean, there's a lot of TAMP models or whatever that can help you do this, but when there's other more robust needs where you have an RIA that just... They don't have the bandwidth to grow anymore and they are thinking about how they're going to grow or what they're going to do, or succession planning. We've done some really... And branding and marketing.

Brock Moseley:

We've had done an incredible job of helping, not just brand, the current advisors, but that next generation of advisor. And I think we've just focused in on the things that would help make, even me as an advisor, more successful, or the next generation of advisors here more successful. And they can see that, right? It's an advisor driven, led business. And so we're thinking about all the things you're thinking about, but at the same time allowing them to have say in the business. We had mentioned this briefly, but we have a management committee of the firm where every advisory team is a representative. We meet monthly and we talk about our issues for the firm. It's broken down into different areas of the firm from operations and marketing to investments, to all these different areas. And we talk openly and honestly, and everybody has a say in what we're doing and how we're allocating assets. We're all in it together.

Brock Moseley:

This isn't like some get rich quick scheme and we're just trying to leverage the firms to sell it tomorrow or anything like that. It's literally, how do we do our business better? And then how do we solve for their problems specifically? So every advisor, before we consummate an LOI or get a deal, we have a transition plan, we have a focus on exactly how we're going to execute for each advisor to meet their expectations. Because the challenge in this business everybody's getting bought now, everybody's going in this group, everyone promises this, pays a high multiple. With the challenges after three to five years, if people aren't happy, they're going to fight and now you're in some kind of issue and, "You didn't live up to my expectations, you didn't live up to my expectations. You didn't live..."

Brock Moseley:

I mean, everybody's like mad. It's been much to do about nothing. It's paying up front a bunch of money for our future cash flows and not working on the important part of keeping all of us happy and moving the firm forward and being forward thinking and doing it together. That's just a big waste of time. So that's been something we've been really focused in on and the partners that we have brought in we've taken the things off their plate that we said we would in a very specific way. We have timelines for solving for all of the biggest issues that they have. And we have plans and support staff to help in all of those categories that are important to them. And we flesh that out and it's all about meeting



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

expectations. So it's an advisor focused business and we think like advisors, we think like these business owners, we know what's important to them because it was important to us from the beginning as well. So I think we're just all in the same wavelength as we entered this.

Brock Moseley:

And look, if you want the biggest check in the world, go to one of the big private equity backed firms, you know where that those checks are enormous. You're going to have to make a bunch of changes. You give up a lot of control and you're going to have to fit into this thing, but if that's not exactly the way you want to do it, or if you have ideas of really continuing to do this business for a long period of time and there's other ways that you think you can grow what you've already started with a partner like us, then we're the right place for you. So that's sort of the thinking.

Louis Diamond:

Brock, thank you so much for sitting down with us. This was a really fun conversation. Again, I think we can do this for another couple of hours just hearing about your vision, how you got started in the business, your philanthropic and then how you've really grown the business, almost doubled it since the pandemic is absolutely amazing. So congrats on all you've accomplished and thanks so much for sharing your wisdom and brilliance with us today.

Brock Moseley:

Louis, thanks so much for taking the time. I appreciate it. I love the fact that you all are talking to a lot of diverse people in our industry and educating us all because we were all kind of fractured. We were all doing our own thing. It's just kind of fun listening to other interviews and it's just fun to hear a lot of different approaches to the business.

Louis Diamond:

Fantastic. Thanks so much.

Brock Moseley:

Thank you.

Mindy Diamond:

As Brock shared, there comes a point when if you can't find what you want where you are, you need to go create it yourself and that's what he did. Likewise, his background in mentoring sits naturally in his role of guiding not only the business, but the advisors themselves towards success, that is, by thinking and moving forward together. I thank you for listening and I encourage you to visit our website diamond-consultants.com and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And if you're not a recipient of our weekly email



EPISODE TRANSCRIPT

The Mindset of a Mentor: How a 2x Morgan Stanley Breakaway Built a \$3B+ RIA Firm

with Brock Moseley, Founder and Managing Partner, Miracle Mile Advisors

perspectives for advisors, click on the articles linked to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending the energy that full on exploration requires.

Mindy Diamond:

Feel free to email or call me if you have specific questions. I can be reached by cell at 9734768578 or by email at mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality and keep in mind that our services are available without cost to the advisor. You can see our website for more information. And again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. If you're listening on the Apple Podcast app, I'd be grateful if you gave it a star rating and a review. That will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.