



# EPISODE TRANSCRIPT

## Goldman Custody Platform Trailblazers: \$1B Merrill Breakaway Team One Year Later

A conversation with Scott Shagrin, Ira Ravitz, and Lisa Westermark, Co-Founders of Beverly Hills Private Wealth.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Goldman Custody Platform Trailblazers: A Billion Dollar Merrill Breakaway Team One Year Later. It's a conversation with Scott Shagrin, Ira Ravitz and Lisa Westermark, the co-founders of Beverly Hills Private Wealth. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

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In an ever-evolving landscape, it seems that there is a constantly growing number of trailblazers we meet along the way. In this case, those trailblazers are breaking new ground by selecting the nascent Goldman Sachs Advisor Solutions as the custodian for their new RIA firm. But let me back up the train a bit. This Merrill team in Beverly Hills built an incredible business at the wirehouse, managing a billion dollars in assets. After a decade of staying educated on changes in the industry, they made a decision that it's time to disrupt momentum and take the biggest leap of all, that is to launch their own RIA firm.

And if making the leap to independence wasn't big enough, they jumped further by launching their firm in uncharted waters. That is, as the first of their size to choose the Goldman custody platform. It's a story that exemplifies the power of vision and how the realization that the one size fits all methodology of a big firm like Merrill has its limits, particularly for those who work with high net worth clients. Scott Shagrin, Ira Ravitz and Lisa Westermark had their sights set on creating a differentiated high-end client experience, and Goldman offered a best of all worlds value proposition, combining the strength and reputation of their brand, assuring safe asset custody, excellent technology and open architecture to shop the street. But the real differentiator was access to Goldman's institutional level resources, including alternative investments, structured products, securities based lines of credit, and investment research.

So in the fourth quarter of 2022, this team launched RIA Beverly Hills Private Wealth, and just one year later, Scott, Ira and Lisa join me in this episode to discuss their journey. They share their motivations to leave Merrill, the details around the move and why independence went out over the prospect of signing on to Merrill's Retire in Place program or taking a transition deal from another large firm. And the team discusses why they ultimately chose Goldman over their other seasoned custodial options, talking candidly about the transition process and their experience today. Plus, they offer a perspective on their vision for the future, succession planning and much more. There's a lot to discuss, so let's get to it.

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

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Scott, Ira and Lisa, I'm so grateful that you're here with me today. Thank you so very much. Lots to talk about, so let's jump to it. So let's start with, I'll ask you, Scott, tell me a little bit about yourself, your professional path to launching Beverly Hills Private Wealth and that of the experience of your partners, Ira and Lisa, as well.

Scott Shagrin:

I started Beverly Hills Private Wealth really 40 years ago. In 1983, I came into the business right out of college. Early in my career, I got my Certified Financial Planning license. I wanted to add a lot of value, which back then, stockbrokers didn't bring. They were stock traders. Continued to build the business through the 1987 crash, though '90, '94, tough times. Had few assistants, brought in some people to work with me. The summer of 1996, I was very fortunate that my cousin worked at another firm back in Cleveland and he said there's a superstar young guy working in his branch and he's wasting his time there and I've told him he really should talk to you and consider moving out to Beverly Hills and doing an internship with you. That was Ira Ravitz.

Ira called me. We spoke, I offered him a job for the next summer. He came out and worked for me the summer of 1997. I wasn't a tech whiz like he was, but we both had the financial acumen growing up with it and loving it. I said to Ira, "You're fantastic. Love you to come work for me when you graduate from college." In the spring of '99, he came back to me a couple of days later and said, "I could come work for you in December of '98 when I graduate, because I can go to summer school all summer next summer and join you earlier." So I said that was great.

I went to my regional manager, said, "I want to hire this guy," and told him the story and he said, "Well, we're not interested in hiring him. We don't think he's going to succeed. He's young, he's coming out of college." I said, "Fine, I'll hire him myself." Six months later, the regional manager came back to me and said, "Hey, can you find this two more Iras?" Obviously I made a very good hire.

So Ira joined us, and actually at that point, one of our assistants who's still with us was on my team and we were, at that point, Smith Barney. 2006, we thought that Smith Barney was going to be sold by Citigroup. We didn't know what was going to happen to the firm. We decided to move our team at that point to Merrill Lynch after doing due diligence and doing our homework. We had a great ride at Merrill. About 10 years ago, I was referred to somebody who was a singer, a musician, an actress who was interested in working part-time in the investment world. Her father had been in the industry in a different area, so met with the person. She came to work for us part-time. Her name was Lisa Weiner at that time.

Lisa's developed over the years and now is our third partner. She brings a lot of value to the table because Ira and I can't sing, can't act, and when you hear her doing her thing on this interview, you'll see she's usually our spokesperson because she's terrific in front of the camera and in front of people.



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Mindy Diamond:

I love it. So Ira and Lisa, tell me if there's anything you'd add to that in terms of your background. So, how do each of you think about this partnership?

Ira Ravitz:

I'll jump in here. I never would've imagined that 30, 32 years ago when I was early in my high school education program that working on a self-study program for understanding the financial markets and just trying to understand what capital markets was about would lead to an internship in high school at one of the largest investment banks. And then, I went ahead and did get a formal finance degree at university before joining Scott. And these past 25 years together in a partnership with Scott have been phenomenal in what we've built between from Smith Barney over to Merrill Lynch and now to Beverly Hills Private Wealth. And then adding Lisa to our team 10 years ago and as a partner about five years ago has really propelled our firm into what we believe to be a strong RIA.

Mindy Diamond:

I love it and I can't wait to dig into the story. Lisa, is there anything you'd add to that?

Lisa Westermark:

I absolutely never expected my life to go in this direction. I was a musical theater major in college and that's what I was pursuing. And when I had the opportunity to join the team part-time, it was really just filling a blank that I needed in my life at that point. But what happened is I fell in love with our clients, I fell in love with our team. I fell in love with the acts of service, and so when Scott and Ira approached me and asked me if I'd be interested in joining full-time and joining the, at that point FADP program and working towards becoming a partner, I felt like this is the kind of opportunity that most people who set out to be in this industry dream of, and I didn't set out to be in this industry, but weirdly it's worked and I love it. So I'm just as shocked as I think anyone else who's hearing this thinking, "How did she end up here?"

Mindy Diamond:

Yeah, that happens a lot. You'd be surprised. I've had the privilege of interviewing a lot of people that wind up in this profession by default and it speaks to them and it's wonderful. And it sounds like that's the case with you. So we'll come back to you and hear more of the story, but thank you for sharing that. So Ira, let me turn to you. Tell us a little bit about the business you've built. So how much in assets were you managing when you guys left Merrill, and you left in the fourth quarter of '22? So let's talk about that first.

Ira Ravitz:



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Yes. 2022 was a volatile year in the markets. The beginning of the year, we were managing a billion dollars, but by the fourth quarter, equity and debt markets had declined, and so we were closer to \$800 million. We advised 200 plus family relationships who are comprised of very high net worth, multi-generational families, business owners, high-income professionals as well as their associated entities. We've always leaned into family office services and prefer to be the CEO of our clients' balance sheets. We're also known as the outsource CFO. We really enjoy being the most trusted advisor in the middle of our clients' affairs while adding value and expertise throughout the development and then distribution of their family's entity.

Mindy Diamond:

Got it. Terrific. Scott, let me ask you, so you spent 16 years or so at Merrill before launching this independent firm, and by every measure were quite successful. So what was it that made you want to disrupt momentum to take the biggest leap of all to go independent?

Scott Shagrin:

Having been an advisor for 40 years and our industry has been quite disrupted in that time period, like I said earlier, when I started, we were stockbrokers, the largest changes we had made lately have seen the integration of the consumer banking into the brokerage business, and those changes were not necessarily the best for our clients. We also saw the integration of third party SMAs. We've been monitoring the independent RIA industry for almost 10 years, allowing you to do what you want it to do and go where you want it to go.

Also, in looking back, I mean, we didn't know you were going to be doing this in December of 2022, but as you talked about the 10 emerging trends for 2023, the 10th one was Goldman Sachs would find their stride and give traditional RI custodians a run for their money in serving ultra wealthy, who we were serving. And so we feel that the opportunity was there with Goldman, the opportunity for us to leave, based on what was going on at the big wirehouses, made a lot of sense.

Mindy Diamond:

Talk to me about that. You say what was going on at the big wirehouses. What specifically was going on at Merrill prior to your departure? Because we think about when people think about moving, they think about pushes and pulls. So the pull is Goldman was entering the custody space and you were watching the notion of independence, and those are the pulls. But what were some of the pushes, some of the frustrations or limitations you might've been dealing with at the time?

Ira Ravitz:

The focus at Merrill had moved away from our client-centric investment advisory to mass marketing of banking services, most of which our clients only needed sparingly. The firm was being managed to the



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lowest common denominator, and maximum payout hurdles were dependent on us opening numerous, very small accounts of \$250,000. That was what was changing for us.

Mindy Diamond:

So before we dig into Beverly Hills Private Wealth, I want to talk to you a little bit about your due diligence process. And Ira, since you were the one that sort of spearheaded it and worked directly with Wendy Leung, who works with me consultants. I want to ask you a couple questions about that. So I know that you and Wendy began talking more than a decade ago, and she would do what she does or we do with most advisors we work with, was essentially maintaining an annual dialogue where she would share industry updates with you. But wondering, what was the catalyst for you to suggest to Wendy in, I believe it was around March of 2021, to begin your due diligence on options outside of Merrill?

Ira Ravitz:

In early 2021, our prior employer still had us working from home and I had a nearly unlimited bandwidth to explore everything going on in the industry. For years, the only recruiter Scott would speak with was Wendy. So after 10 years, we knew exactly who to call. We had a pretty good idea that we could not continue to effectively operate our style of investment practice for more than another year or two while remaining at B of A, as they are a consumer banking-focused firm without the fine touch of client service.

Mindy Diamond:

And so, was it independence or bust? In other words, did you say, "I'm going to paint the whole industry landscape with a broad brush and since service went out the window with Merrill, Morgan and UBS must be bad as well," or did you take a broad approach and look at lots of different options?

Ira Ravitz:

Being in the industry for 24 years at that point, and Scott 39 years at that point, we had a pretty good idea that the largest firms were pretty homogenous. We know a lot of people that work at the other firms and in fact, most people in this industry have worked at two or more firms, so there's plenty of experience that can be shared out there. Really didn't know where our due diligence was going to end up, except that it was going to be educational. We certainly did not ever expect to dive into the depths that we did, but why not at least ask all the questions and be able to look back and say that I made sure to investigate everything? This is what gave us the peace of mind and the ability to focus on the road ahead instead of the distractions of getting from A to B.

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Yep. And what about a firm like Rockefeller? And I use Rockefeller as an example, a boutique firm, and that part of the industry landscape, the boutiques if you will, it becomes a catchall for people that think that independence is a bridge too far and don't want another wirehouse, the best of both worlds. Did you look at something like that, the notion of quasi-independence?

Ira Ravitz:

Yes, we looked at every option. And you're correct that breakaway independence is a bridge too far for most advisors. By the time we finished our due diligence, there was no question that it was now the time to create our own firm with its own entity and not be part of a generalist firm's ADV nor receive their W2. Being fully independent gives us the ability to take full advantage of the investment, business and tax knowledge we've been discussing with our clients for many years, but now for the development and growth of our own business.

Mindy Diamond:

And how long did the due diligence process take from beginning to end? So March of '21 is when Scott said, "Ira, why don't you give Wendy a call?" And you moved in '22. So was it pedal to the metal for a year? What did that feel like or look like?

Ira Ravitz:

Looking backwards, I really wish I could put a number of hours on how many we spent, but we did spend 20 months on it and it was a fun journey, but we were always looking over our shoulder to maintain our confidentiality. We had the broker protocol to contend with, as Merrill was a member of it, and we sure didn't want to lose the privilege. We met a lot of great people in the process, including friendly RIAs who were so supportive and open that it actually surprised us, and now that the shoe is on the other foot, we want to emulate that same professional courtesy and kindness.

Mindy Diamond:

Yeah. Let me ask you a question, and this is an important one. Every firm on the street who's looking to recruit is offering top dollar today to recruit a team like yours, a billion dollar team, multi-generational. Everything about your business is pretty appealing. So how did you think about the notion of transition money and essentially passing it up in order to go independent?

Ira Ravitz:

As investment advisors, it's just simple math to us. None of us had immediate cash needs and we wanted to build something to endure past our careers' lifespans.

Mindy Diamond:



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I love that. That's a great answer and certainly sounds like you made this move for the right reasons. Lisa, let me pivot to you a second. I want to talk about the name of the firm, Beverly Hills Private Wealth. It's a really powerful name, mostly because the name Beverly Hills is synonymous with ultra-high net worth. Was it a hard name to secure? Are all of your clients in and around Beverly Hills? How did you think about that?

Lisa Westermark:

Yeah, we were shocked that the name was even available, frankly. So, we worked with our marketing and our legal teams and we did a lot of research, but we knew that we wanted to reference or at least evoke Beverly Hills because it's really been our home essentially since Scott began in the business. And to answer the other part of your question, while we have clients all over the country, the majority are based in Southern California, followed by New York and Florida, but this branding is everything. With any product, you want to hear the name and know exactly what you're getting. Oxiclean cleans, Instant Pot cooks in an instant. So many people have this really visceral reaction to the name Beverly Hills Private Wealth because it immediately paints a picture of who we are, what we do, and the caliber to which we hold ourselves.

Mindy Diamond:

Yeah. So Ira, let me pivot back to you. Once you decided that you were going to go independent and build Beverly Hills Private Wealth, what other options did you consider for launching it? Did you do it yourself with the help of a custodian? Did you do it yourself with an outside consultant or did you do it yourself with a service provider, like a Dynasty?

Ira Ravitz:

This was an area that I never expected to reach these depths. All the custodians were benevolent beyond belief in spending many months of daily conversations educating me on as much as I could absorb, truly months and months of learning the projected steps for launching our own desired RIA structure, along with projecting our P&L to a very close degree. However, after reviewing many contract service providers and aggregator models, luckily we were introduced to the transition consultant one could only dream to work with. Thank you, Matt Sonnen.

Mindy Diamond:

I love it. So that's followed by the custody decision Goldman had not yet recruited a wirehouse team to its independent platform. So tell me about that.

Ira Ravitz:

This is actually what made it fun all along during the 20 months. Finally, we, meaning Scott, Lisa and myself, we could utilize our own entire individual suites of strengths with an entrepreneurial mindset





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partnered with the startup-minded team at Goldman. We knew the Goldman custody platform was built to take on the breakaway wirehouse advisory team, and now we took on the responsibility from the client perspective for being their proof of concept. At some point during the transition, it became clear that our wirehouse knowledge was as valuable to them as their RIA knowledge was to us, so we transitioned from being a client to really being their partner on this venture.

Separately, our due diligence results told us a few things. Number one, with any custodian, no matter how hard you strategize and organize, things will go wrong on your transition. Number two, Goldman is certainly not in the consolidation or cost-cutting stage of their business cycle, as they had just built this division with endless ongoing service additions. On the other hand, mergers and slow growth for existing large market share custodians created concern of what their next strategic steps would be. And lastly, number three, being the early adopter ensured us that we had their entire custody division focused solely on our transition on a daily basis. They truly have been our partners and responsive to our ongoing needs.

Mindy Diamond:

And so in hindsight, with a year or so of hindsight, has it been a good decision? Have some of those disruptions or things that might not have been fully baked, has the good outweighed the bad?

Ira Ravitz:

It's been the best decision we ever made and we have full faith and confidence in the continued growth of the Goldman custody division.

Mindy Diamond:

Scott, let me pivot to you. You wrote on your LinkedIn profile shortly after the break from Merrill, "This move will empower us to better manage the complex and evolving needs of our clients. By offering an open architecture investment platform, we are able to shape a new level of success using objective advice, a fiduciary commitment and advanced technologies and resources." And I love that, but help me to understand what you really meant by that.

Scott Shagrin:

Many of our clients over the years have wanted me to be the trustee on their trusts. That was something we were not allowed to do while we were at other firms. We think clients wanted us to be actively involved with their estate planning needs and meeting with their attorneys. We're not attorneys, but we know the clients better than anybody else does. Years ago, someone once said to me, "Hey, when you call your doctor, you get billed. When you call your lawyer, you get billed. When you call your financial advisor, they don't bill you for every call, so we call the financial advisor all the time."





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It was very important for us also to truly be a fiduciary, whereas at other locations, if we put our clients' money into stock versus bonds versus cash, many times our compensation's impacted by that. We felt that there's a problem with that, that we want to be able to put our clients wherever makes the most sense and not have any impact on our compensation.

Mindy Diamond:

But let me ask you a follow-up question to that, Scott. So by offering an open architecture investment platform, you say, most advisors that work for the wirehouses, whether it be Merrill, Morgan, UBS, Wells, whatever it is, believe that they have a fully open architecture investment platform. How does the open architecture investment platform that you're referring to as an independent differ from the open architecture platform that a Merrill Lynch advisor believes he or she has?

Scott Shagrin:

I'll give you a great example. Early on when we started the firm, we decided we wanted to do a structured note and we asked Goldman and we went out to the street and we built the best note at the best price with the best bank behind it and rating to get our clients the best yield or potential performance on that note. That wasn't something we could do before. Before, yes, we could build it, but we got what we got. We didn't have a choice. Here, we were able to build it, price it, date it, and do what we wanted to do.

Mindy Diamond:

Is there any incentive or any push for you to use Goldman products?

Scott Shagrin:

There isn't. We actually shopped this away from Goldman. We ended up using Bank of Canada as the sponsor of our first note that we did. Goldman would like to have a chance to win our business and all else being equal, we would let them win the business, but we're completely only fiduciaries to our clients and we want to get them the best pricing, the best product for them.

Mindy Diamond:

So you are a client of Goldman and you have the opportunity to use them if it's appropriate, but no have-tos, is that correct?

Scott Shagrin:

No obligation except for that we custodian our client assets at Goldman Sachs at this point. But we also, I would like to just add to that, one of the reasons that we wanted to go to Goldman as our custodian is because Goldman has a lot of products that they produce that nobody else produces, and they're best of breed, and we now have the opportunity to bring those to our clients, as well.



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Mindy Diamond:

Yeah, So the other thing you mentioned in your LinkedIn post was we're offering or able to offer now a fiduciary commitment. And I want to ask you about that. So most advisors, almost every quality advisor I've ever worked with, regardless of where they practice, think of themselves as a fiduciary, of always putting a client first. And I have to imagine that while you were at Merrill, you did the same, acting as a fiduciary in your client's best interest. So how does the fiduciary commitment that you believe you have now to clients differ than the fiduciary commitment you might've thought you had to clients while at Merrill?

Scott Shagrin:

Well, something else to be a fiduciary, I mean, we're managing, whether we were at Merrill, whether we're here at Beverly Hills Private Wealth or UBS, we're managing clients' monies. Well, when we're at a wirehouse firm, we are not allowed to give advice or direction on the client's 401k that's held away from us. The client might have \$4 million with us and \$6 million in their 401k, but because it's not under the umbrella, we're not allowed to give advice because of what the perceived risk is. Well, as a fiduciary, it's our responsibility to look at the person's whole portfolio and help them with all parts of their portfolio. We're now allowed to look at their 401k and guide them and direct them and have them check in with us regarding that.

Mindy Diamond:

Got it. So Ira and Lisa, let me ask you as a follow-up to that question, so here you are a year or so later, after having made the move. These changes, some of these things of acting as a fiduciary, so not getting paid now on certain products that you may have while you were at Merrill, where are you at asset wise? You said you moved at around 800 million to a billion or so. Where are you at now?

Ira Ravitz:

Depending on the market on a given day, we're between \$700 and \$800 million at this time.

Mindy Diamond:

How, then, do you think about the disruption to momentum of having made a move?

Ira Ravitz:

Our business was disrupted for about a six to nine month period between just really getting ourselves organized, getting our clients transferred over, but they can immediately see the new flexibilities that we had as an independent registered investment advisory. And they also knew that based on their investment advisory and client service teams remaining the same that they weren't going to have a lot of changes going on. The biggest change they were going to have is they were going to move their assets



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from their prior investment firm over to Goldman Sachs. And once all of that was completed, now we can go out there and complete our service offerings and really go out there and show what we can do in financial planning, estate planning and alternative investments moving forward. So I wouldn't say it so much has disrupted our business, but as much has really allowed us to prepare for the next stage of our business's growth and how we can serve our clients better.

Mindy Diamond:

Yeah, I love that answer, Ira, because one of the things I vowed to do on this podcast was showcase the real, honest truth, the good, the bad, and the ugly. And I didn't want it to be a sales pitch for making a move or making a move to independence. And the reality is, for somebody listening to this episode, the truth of the matter is that for six to nine months, it was a step backward, obviously with a goal of setting yourself up for better and more future success. And I think that the honesty, that if somebody doesn't have an appetite to be willing to take a small step backward, then making a move probably isn't the right thing to do. Do you think that's a fair thing to say?

Scott Shagrin:

Mindy, great question and great comment. Very important. We took our whole support team with us. We also had hired someone from outside to join us. We had tried to hire someone to join us when we were at Merrill. Merrill would not let them join our team. They found out the night before, "Would you like to move with us to a new firm, new everything? They hadn't even worked for us and they came along with us. Karen, who had been with us, as I said to you, for 20 plus years, who had retired, she heard we started the new firm. She called, "Can I come back and join the team on a flexible schedule?" And most recently, we've hired a chief investment officer. So all of those things... it was a tough seven months. Like Ira said, we had to do a lot of work. I know that it's going to be many advisors out there and brokers out there who are listening.

Listen, my kids who are now 29 and 32 didn't know me when I started in the business. They weren't born when I had to work 40, 50, 60, 70 hour weeks always. They knew me once I was successful and didn't have to work 70-hour weeks. And when we started this business, they were like, "Wow, Dad, you could work that many hours. Ira, Lisa, you could work that many hours." So it's a lot of work.

And lastly, I'd like to say is that we were three partners, all of whom had different strengths and different talents. And I would be scared to death to do this as a single person or a single partner. Even with two of us, it really would've overwhelmed us. But having three people, all of whom trust each other implicitly, take care of their different parts, discussions all the time, but be able to lean and depend on them was absolutely critical for starting our own firm.

Mindy Diamond:



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I love the honesty there. So Ira, Lisa, Scott said tough seven months. That's honest and true. I assume, though, that your belief at this point, now that you're past the worst of it or that seven month period, that the tough seven months or the small step backward is going to set you up for greater success. So what do you think that greater success looks like? The trade-off, tough seven months for what on the other side?

Ira Ravitz:

But I'd like to jump in Mindy, because we really don't feel like it was a step back. We were being taken down the wrong path for long-term family office services to provide to our clients by continuing on the path that we were on. We had to get ourselves off of that path and onto what we believed was the correct path for the long-term. So yes, it was a lot of work, but I would not call it taking a step back. What you do have to do is you kind of have to put business development on pause for that six to nine months, like I was referring to earlier. But from the moment that we resigned from our prior firm, we were moving forward starting that first day and every day after that.

Mindy Diamond:

I love that clarification. My comment about a step backward is akin to what an advisor who works for a traditional firm thinks, right? You measure the success of the business not by anything except how much you're producing. And as long as production is going down or assets are receding instead of growing, you are not taking a step forward. But I love what you're saying. "We don't look at it as a step backward because we believe that we were going down the wrong path and in order to get ourselves to the right path, we had to sign up for a tough seven months in order to build what we felt was right." Does that sound right to you?

Ira Ravitz:

That sounds extremely what we were feeling. And although it was a tough seven months, thankfully we all did it together and as a team, we bonded even further, especially for our newest two team members. We really got to build relationships with them. And the one thing I would say is that it's toughest for those who have small children at home because you're probably not going to see them very much during the toughest time on that, but thankfully I waited until the transition was over and we welcomed our first child last month.

Mindy Diamond:

I know you did. Congratulations. Yes, that was good timing, smart timing. Lisa, let me ask you as a follow-up to this question. So Ira just said you have to be willing to put business development on pause for a period of time. How did that feel and how did that impact the momentum you had in growing the business?



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Lisa Westermark:

I actually think it felt really nice to just be able to focus on one thing, because when you're focusing on growth, growth, growth, you can't just focus on business development because you also have the actual business to run. And for those six to nine months, first of all, we couldn't think about anything else. You couldn't even think about what you were going to eat for lunch. So just having one area to focus on I think was a big relief. And I don't think it actually impacted our momentum, because what happened was clients were so thrilled for us. We've known these people, Scott's known some of them for longer than I've been on this earth. So they were so thrilled for us, not just as advisors, but as people. They were so excited for what this meant for them as well, that we had clients instantly say, "Hey, I've got outside assets. I would love to roll them over to you now."

So even with the pause on business development, there was still growth. We had onboarded a client, several million dollars in, I guess it was November, and we launched in October. We had been speaking with him before we launched, and then he was difficult to get ahold of. And then when he came back and we were somewhere else, he said, "Oh, this is fantastic. This is even more exciting." So it's a mixture of emotions, I think. And now we're just roaring back into it. We actually, just before this call, we had a business development meeting because we have a business development committee that we've established here to integrate our team members, especially a junior advisor on our team, into the conversation of growth and business development because we're not stopping here. That was never the end game, wasn't to just launch Beverly Hills Private Wealth and call it a day.

Mindy Diamond:

I love what you're saying. Part of the privilege of interviewing you guys is your willingness to have done this interview with me not very long after you launched. A lot of the interviews that I do are several years after someone has been independent or the business has been independent. And so like the pain of childbirth, they say you forget about it, same kind of thing. Three or four years into it, when they're growing tremendously, they forget the pain of the tough seven months, if you will. I love how fresh it is, but I also love how definitive you are and certain you are that despite the tough seven months, it was definitively the right thing to do and how excited you are about the future.

So Lisa, let me follow up on that. It sounds like the transition was tough, but went well. So I'm curious about how your clients responded to your decision to leave Merrill. And even you say this new prospect that had other money on the side and wanted to roll it over to you, would they have joined you if you were at Merrill? How did that decision to build Beverly Hills Private Wealth land on your clients and prospects?

Lisa Westermark:



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We've already talked about how intense the transition was. I sum it up this way, that we've never worked so hard, but we've also never laughed so much because despite the exhaustion and the endless to-do list, there's so much true fulfillment from being independent. And that just has permeated everything we did during the transition and it still does. And yeah, there were hiccups along the way. We were Goldman's first wirehouse breakaway. There were a lot of things that they didn't know, that we knew.

And so like Ira said earlier, we were able to teach each other. Clients had a lot of patience with us during the transition when hiccups popped up, because of course it's going to happen, that's inevitable. But overall, they were so thrilled for us because of the relationships that we have with them. We're not just advisors, we're people that they call and talk to about really personal, intimate things. So they were thrilled for us. And then when we got to dive into, "Hey, but we made this move for you and here's why," for all the reasons that Scott mentioned earlier, "We can advise on outside assets now. We can be your trustees, we can be more involved with your estate planning." All of that is such a clear and immediate benefit to them. So I loved hearing the joy in their voices as they congratulated us, and especially as they learned about the world of possibilities that was opening up for them as a result because obviously this move was ultimately for them, for our clients.

Mindy Diamond:

Yeah. And how about your support staff?

Lisa Westermark:

They are beyond incredible. As Scott mentioned, we told them hours before we left and they jumped in with such faith in us, in our team, in our clients. And one thing that we did do immediately is we wanted them to know that they're going to be taken care of, so we immediately sat them down and we said, "Hey, let's talk about salary and benefits and bonuses, because this is a real company and we want you to know that you are going to be still safe and in good hands." And they were very appreciative of that. And Scott and Ira and I, we had time to acclimate to the idea of what was going to happen in our lives, but they didn't. They just jumped right in, and I think it's so incredible the fearlessness with which they tackled the unknown every day.

And then as Scott mentioned as well, we added two new team members for the launch. Karen Washington, who had worked with Scott for over two decades, she came back, which our clients were absolutely thrilled about. We've hired our chief investment officer most recently. So he's running new Beverly Hills Private Wealth models, writing quarterly newsletters. Such a major, major value add. So I feel like, not to sound kind of Miss America, but we don't have a staff, we have a team. The culture that we have is so special and the joy that everyone has every day coming into work, it just means everything to me.



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Scott Shagrin:

Mindy, I wanted to add one thing just to tell you the culture we have. We like to do events for the team and we go out and do things and we bring in meals for them and we bring in a shoe shine once a month for everybody here. But the first day our CIO joined us, was we were out doing a team outing where we went go karting and then we went out to dinner and he said, "I've worked for a bunch of companies and places. This is the most fun I've ever had working. It's my first day on the job." Just couldn't believe it.

Mindy Diamond:

Lisa, I want to go back to something you just said about the new CIO that you hired. So where does he or she get the research and information from? Obviously you get it from Merrill. As an independent, where does it come from?

Lisa Westermark:

Our CIO is Nick Nejad. And just like the possibilities opened up for us and our clients when Scott talked about shopping the street, we have that opportunity now as well with our research where it's no longer a matter of, "Well, the wirehouse research doesn't cover that stock, so I can't give you advice on it." And so he uses many, many different research platforms and different technology I had never even heard of coming from a wirehouse. But one thing that is nice is we do have access to Goldman's research, which is incredible, some of the best in the world. So he's able to really aggregate data from all over to help him influence his choices, his opinions. He's really just a wonder. The way his brain works is just a wonder.

Mindy Diamond:

Yeah. Thank you. So Ira, I do want to pivot to you. I was going to ask you about technology. Talk with me a little bit not only about the technology that the new CIO has access to, but technology in general at Beverly Hills Private Wealth and how it compares to what you all had access to at Merrill.

Ira Ravitz:

There is a huge burgeoning industry known as FinTech and all of these different software as a service providers, if we believe it's a good fit for what our business is trying to do and what would benefit our clients, we can go turn it on overnight. That was not anything we ever had any opportunity to do in the past and we were bound by the general software programs that the parent companies that we worked for had made available to us. So we're still out there on a weekly basis looking at different financial planning, estate planning packages, other types of research about RIA firms that we're still continuing to learn about.

But what's most interesting about a breakaway RIA is it's really a cloud business. We don't have a server room in our office. What we've got are we've got notebook computers for everybody and we've got a





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wonderful 24/7 technology consulting team who is a specialist in financial services. So working with them, we just let them know what software we need on our computers. And other than that, everything's pretty seamless, as most software runs through web browsers these days. And then to the next step for communications with IP phones, we've got IP phones at home, at the office and our calls come through to our mobile phones if we select it to do so. And also the backwards of that is on your cell phone, you can make it look like you're calling from the office by using the IP phone app. So technology has really allowed us to build very quickly what used to take years, if it was even possible from a technology standpoint.

Mindy Diamond:

Yeah. And how about from a marketing and client outreach perspective? And that's sort of as an offshoot. I imagine you deploy or leverage technology for that as well, but how does what you're able to do for clients now from a communication perspective differ from what you were able to do in the wirehouse world?

Ira Ravitz:

Scott and Lisa mentioned earlier how we're preparing quarterly newsletters for our clients. That's one form. We also send out on a monthly basis some curated articles that we think may be of interest to our clients. We didn't have the flexibility of doing that in the past, as well as when we're creating programming for our clients, whether it's specifically investment management-related or it's a type of client appreciation event, we've got much more flexibility in what we do for those events.

And also in regards to our technology stack, being that we have customized reporting through Black Diamond, our clients do receive their monthly Goldman Sachs statement and then they receive a supplemental monthly statement created by us on the Black Diamond platform, which gives every additional level of detail the clients are looking for or never cared about looking for in great detail. And then the last part is there's also certain clients that would like very limited or executive level reporting customized to what they like to look at on a monthly basis, and we've gone ahead and created their own reports for them on the Black Diamond system.

Mindy Diamond:

Love it. So let's talk about the value proposition of Beverly Hills Private Wealth. What would you say the value proposition is? And I know you guys opted to go fee only, and that's a big leap, and it's a leap that a lot of breakaway advisors wait years to do. They take their commissionable business and they phase it out over time. But to essentially rip off the band-aid and go fee only is an unusual move. So tell me about that a little.

Ira Ravitz:



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Absolutely. It was a big change for us to go from a hybrid of both commissions and investment advisory fees that clients were being charged. However, as we looked at how our business was composed and seeing that over the years it had already been transitioning to a mostly investment advisory fee model where most clients were not paying commissions any longer, it became very clear to us that now was the opportunity to take advantage of that. As we've said there's nothing we enjoy more than being the trusted advisors to our clients. This means we're obligated to act in your best interest and are held to the highest legal standards of accountability. We believe that acting as your fiduciary aligns with the values and ethical standards we have always held. Following down this path, Scott had immediately been selected to be trustee over one client's entities, and we've had numerous conversations over the past six months with other clients about taking on those same roles. Now, we're not trying to be a trustee to everybody because you have to understand what your responsibilities are to clients and the compliance requirements for it, but it's really a tribute to us for the service we've been providing to our clients, along with the recommendations for them to make that request to us. And they even say they don't take it lightly. They truly appreciate and believe that this is an important step that we are taking for them.

Mindy Diamond:

Got it. Okay. So you came through the first year, which is the toughest part. You're obviously thrilled. I can hear the joy in your voices, the passion, the fiduciary commitment, all of it, but what do you think is next for Beverly Hills Private Wealth?

Ira Ravitz:

Yes, and being that our first priority is to continue building out our client service model, which we have a clear diagram where we're trying to go, we also want to ensure that we're providing the sophistication and level of service that our clients require looking forward 10 years. And what that means is continuing to develop our staff and our team, and as we build up, we begin to promote and develop other members of our team into advisors and financial planners, and also begin to look externally to integrate other firms and other advisors as time goes on.

Mindy Diamond:

And I was going to ask you about that. In terms of recruiting other advisors or plans to acquire other independent firms, do you think that that's on the table, as well?

Ira Ravitz:

It's certainly on the table. It's just not today or this year's, maybe not even next year's priority, but we're open to all types of discussions regarding integrating additional advisors, integrating being the key goal, is we're starting with something very unique, and as time will move on, opportunities will present themselves to us and we'll continue developing our model as is. We're not looking to be an aggregator



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model with 20 different types of firms owned by a parent. Beverly Hills Private Wealth is a unique entity providing a unique type of family office services, and our goal is to build that out as is.

Mindy Diamond:

I love it. Scott, I want to ask you a final question to wrap up here, because you guys have been so generous with your time and so thoughtful with your answers. But I want to know what else would you like to share with our listeners? And let's presume you're talking specifically to prospective breakaways. So advisors like you that are running great businesses at traditional firms and thinking about breaking away and going independent, what advice would you give them?

Scott Shagrin:

Well, a couple things that I'd like to... let's start with advisors who are looking to break away. Be fearful, but don't let it get in the way of following your dreams. If it was easy, everybody would be doing what we're doing. I listened to your podcast last week, I listen to it every week, and I actually tell my wife about some of the things you do so she can do it on her podcast, which has nothing to do-

Mindy Diamond:

I love it.

Scott Shagrin:

... with the business. But in that, if it was easy, everybody would leave Wells and go to their FiNet division. That's an easy step. It's a much more giant leap to start your own firm, but by starting your own firm, all the advice and guidance we have given to our clients over the years about running their businesses, setting up pension plans, taking care of their employees, doing right for everybody, all of that when you're running your own business, you have to practice what you're preaching, and I love that. We love that. We own a business. You talked about earlier on, we could have taken an enormous check to go to another firm, but we thought, and obviously I'm the old guy here, we thought, and I thought, "How exciting to do this, to take the next step in the last innings of my career." Let's say it's the last three innings because I've got a ways to go. So 40 years, let's say another 20, so that's two thirds into the game, for us to do that. So I think that for the advisor who's looking to leap.

What I said earlier, you need to have three partners. You need to have a great team, you have to have clients who really truly are your clients. Our clients actually, and we didn't bring this up earlier, but our clients really thought the Shagrin Ravitz Group, the team, that we were a little part of Merrill Lynch, we had our own company but Merrill Lynch gave us our office space. They didn't know we were W2-ed employees.

Mindy Diamond:



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Yeah. I love what you just said because I think the teams that do best or that are most excited about the notion of independence actually thought of themselves, just like you just described, the notion of they're running their own business with Merrill. And as I think Ira said earlier, in your case, just feeling like you got on the wrong path and you needed to pick up the business and move it to the right place. So I love what you said.

I have one final question, and I lied earlier about final, but it reminded me of something and I want to ask you. You say you're the old guy and you're not that old, but the senior member of the team, when you thought about the ability to have retired or dealt with succession planning through Merrill CTP, did that enter into the thinking at all? Or how did the notion of succession planning enter into any of the decisions you made about going independent?

Scott Shagrin:

Of course I looked at succession planning, CTP, but we built a business. My baby, I've grown up with it. My kids Ira's an uncle to. I'm going to be a grandparent to Ira's new baby. It's generations on generations. We've been a family. You don't just give it up. Secondly, when you do CTP, you're getting ordinary income and you're putting your former partners' handcuffs to stay where they are and do what they have. Whether things are good, bad or indifferent, they don't have a choice to make any changes for years and years. And at one point, Merrill said if you do CTP, it's either you work or you don't work.

And listen, 40 years in the business is a long time in the business. I am still in my early sixties, so I'm fairly young, but I don't want to stop working. I want to be able to work and continue enjoying and growing the business and be involved with everybody on our team. And we have Ira, Lisa. I'm in my sixties, Karen's in her fifties. Ira's forties, Lisa's thirties and we have a few other people in their thirties and we have a few people in their twenties on our team. And by the way, we never mentioned this, we're up to nine people on our team. At Merrill, we were five or six people on our team. So it just tells you about we've really grown something and it's in its early innings. I want to be around for it to mature.

Mindy Diamond:

I think that's a great answer, Scott, because if you are a senior advisor and you don't care that much, you don't look at your next generation partners as family, then the notion of looking at a CTP or another firm's version of a retire in place program can be a fine thing to do because it's only about you. But when you care about your next generation, you don't want to tie them up. You don't want to take away their optionality. And especially for someone like you that really wants to be at this for a long time to come and cares about the legacy you leave, it sounds like you made the exact right decision.

Scott Shagrin:

I think so and I think our whole team thinks so.



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Mindy Diamond:

So I want to thank you all so much for your time, for your honesty, for your generosity, for your thoughtful answers, especially in the first year since launch, and we are really looking forward to following your progress and I hope that maybe we can do this again five years from now and hear a really even more exciting story.

Ira Ravitz:

Thank you very much, Mindy. This has been terrific working with your firm, working with Wendy, and we look forward to our continued working together.

Mindy Diamond:

Yes, a privilege and an honor. We were privileged to have gotten to represent you and it's a privilege and honor to tell your story today. So thank you all very, very much. Scott, Ira and Lisa offered a complete picture around the thought process a team goes through when considering change. They easily could have opted to sign on to Merrill's Retire in Place program, CTP, or considered a transition deal from another large firm, but ultimately it was about creating the best possible experience for their clients and that was something they felt they could only do by building their own firm with a custodian that offered the brand experience they desired.

I thank you for listening and I encourage you to visit our website, [diamond-consultants.com](http://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, Perspectives for Advisors, click on the articles link to browse recent topics. These written pieces are an ideal way of staying informed about what's going on in the wealth management space without expending the energy that full on exploration requires.

You can feel free to email or call me if you have specific questions. I can be reached at (973) 476-8578, which is my cell, or my email, [mdiamond@diamond-consultants.com](mailto: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, please 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. It will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.