



EPISODE TRANSCRIPT

How an ex-Wells Fargo Team Turned a “Paper Tablecloth” Vision into 3X Revenue and \$8.5B in Assets in 5 Years

With Gerry Goldberg, CEO and co-Founder, GYL Financial Synergies

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is how an ex Wells Fargo team turned up paper tablecloth vision into 3X revenue and eight and a half billion in assets in just five years. It's a conversation with Gerry Goldberg, CEO and co-founder of GYL Financial Synergies. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is available on our website diamond-consultants.com as well as Apple Podcasts and other major podcast platforms.

Mindy Diamond:

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Mindy Diamond:

Some of the most successful businesses are born from concepts designed not in a boardroom or corner office or an expensive whiteboard, but instead in more austere environments with just a pen and some paper, because it's the ideas, goals and the vision to achieve them that matters most, not how or where they are developed. Gerry Goldberg can attest to that because he and partner Jon Yolles sketched out what their business would look like as an RIA with a pen, a paper tablecloth at a casual restaurant. But circling back nearly two decades prior, Gerry's story starts with his transition from practicing law to wealth management in the '90s, joining the predecessor firms to Wells Fargo Advisors, First Union, and Wachovia. Gerry became a part of their profit formula program, which offered some independence within the wirehouse. And then later slid into their independent arm finance.

Mindy Diamond:

After growing the business to some four billion in assets under advisement, he and Jon craved more independence. They wanted to be free of a broker dealer construct and access a true open architecture opportunity set for their institutional and private clients. As he shares in this episode, their feelings were much less an indictment against Wells Fargo and much more about wanting to be true fiduciaries to their clients, the ability to do more for them and access options beyond the standard solutions. So they decided it was time to explore their options. And in 2016, launched the RIA firm GYL Financial Synergies in partnership with Focus Financial Partners.

Mindy Diamond:



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And just five years later, they've grown their assets to eight and a half billion dollars and tripled their revenue. Gerry talks about the journey from starting at zero and building an incredible business, the progression toward independence while at Wells Fargo, how his clients were the real catalyst in the decision to go fully independent and how if they had chosen to stay put, even though things were good enough, they may have missed out on the growth opportunity of a lifetime and much more. So let's get to it.

Mindy Diamond:

Gerry. I can't thank you enough for making the time to join me today.

Gerry Goldberg:

It is my absolute pleasure. Thank you for inviting me.

Mindy Diamond:

You bet. All right. Well, you have an amazing story and built an amazing business. So let's not waste another minute. Let's jump in. So I guess let's start with, tell us a little bit about yourself and the career path that led you and your partners to launch what is GYL Advisors.

Gerry Goldberg:

Certainly. So my background is such that I started off first going down the path of a legal career. And I graduated from law school in May of 1990 and admitted to practice law in New York and Connecticut. And I did practice for approximately six years. And then I left the active practice of law back in 1996 and went to work as a financial advisor in training at Prudential Securities. And at Prudential Securities, I met my existing partners, and together we developed a practice. In 2003, Prudential entered into a joint venture with Wachovia Bank to form Wachovia Securities, and then in 2008, Wachovia was absorbed by Wells Fargo.

Gerry Goldberg:

And then myself, along with Jon Yolles and Michael Lepore, moved to two Wells Fargo Financial Network, together with our other legacy partner, Claire MacDonald. And then in 2016, with the help of Focus Financial Partners, we created our own registered investment advisory firm. And it's just been an amazing journey along the way.

Mindy Diamond:



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We'll cover much of it as we move forward. But there are many, what I call, recovering attorneys that wound up in wealth management. What do you think the connection is and why it turned out well for so many, and certainly you?

Gerry Goldberg:

I think that as attorneys, our critical thinking skills are refined and we are trained to think consultatively and to have a fiduciary mindset. So if you contrast that to the historical evolution of brokers or financial advisors, some have that mindset, but that's not always necessarily the same focus.

Mindy Diamond:

Okay. So let's back up a little bit and look at your time first at Prudential and then Wells Fargo. Tell us a little bit about your business there, your team, the type of clients you serve and how much in assets you were managing.

Gerry Goldberg:

Sure. As I mentioned, I started out in the financial advisor in training program. And I did what, at the time, any other advisor did. I strapped on a catcher's mitt and fielded really anything that came my way. And at the same time, early in my career, I was exposed to institutional advisory work. At the time, it was more analogous to what I did as an attorney with the fiduciary responsibility was already embedded into what was being done for clients. And together with my other partners, Jon Yolles and then subsequently Michael and Claire, we also had a private client advisory practice and slowly but surely, that was built out.

Mindy Diamond:

Okay. So you spent about 20 years there at Prudential and then what became Wells Fargo? So what was it like? The good and the bad.

Gerry Goldberg:

Starting first with the good, we made a lot of friends in that organization. Other advisors, members of management, people in operations, there were a lot of talented people. And it's axiomatic to say that they're really good people anywhere. On the bad front, if you will, there were other people there as well on any given day inside of a large organization where fiduciary standards and acting in the best interest of clients perhaps may not always be the standard of care that's applied. People are going to do things that are not appropriate. Unfortunately, we would take a hit and a press and our credibility with clients would take a hit because of wrongdoing that would occur in another branch halfway across the country involving people we didn't know or behavior we weren't aware of.



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Gerry Goldberg:

So as a result, the home office would have the engineer policies for what was often the lowest common denominator. And this, for us, would be at times stifling. Unless you were working with a branch manager that was a more practical and pragmatic, it would be difficult for larger advisory groups to be able to provide dynamic custom solutions for clients. Despite this though, we were able to retain clients and develop trusted relationships.

Mindy Diamond:

So, remind me again how much in assets you were managing at the time.

Gerry Goldberg:

If we go back again to 1996, we started with nothing. When we left, we were somewhere north of 4 billion in assets under management and under advisement.

Mindy Diamond:

And just give us a sense of the client breakdown. How much of that was institutional assets and how much private client?

Gerry Goldberg:

If you look at it from a revenue perspective, it was about a 50-50 mix between institutional clients as well as private clients. And what I would say though, is the assets were more heavily skewed towards the institutional side. I would say it was probably maybe 75-80% institutional assets, as opposed to private clients making up the rest.

Mindy Diamond:

And what kind of institutions.

Gerry Goldberg:

So it really ran the gamut, from doing work for defined benefit plans, insurance trusts, defined contribution plans, foundations and endowments. And those were for both municipal clients for profit, corporate clients, it was really an eclectic mix of all of those types of clientele.

Mindy Diamond:

Right. So let me ask you a question. You say managing to the lowest common denominator became stifling and difficult to offer a dynamic and creative solution set to clients. More on the institutional side



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than the private client side or vice versa, how did the managing to lowest common denominator impact you?

Gerry Goldberg:

So if we first focus in on things such as standard of care, it took an enormous amount of energy expended on our part to prevail upon the home office that we needed to be able to expressly exhume our fiduciary responsibility. You wouldn't think that would be a major lift, but in fact at the time, it was. You talk about things such as investment. If you want it to be able to provide access to clients for alternative investments, you didn't always necessarily end up getting the very best alternatives or options available to you in the branch. More often than not, these were options that were really being packaged or put out to a wirehouse for distribution, as opposed to being best in class.

Gerry Goldberg:

So that the moment that you end up getting outside of that realm, you end up having a much wider range of options and alternatives to be able to provide to clientele.

Mindy Diamond:

And we'll get to that as we fast forward to life as an RIA. But let's stick with your time at Wells Fargo for a moment. So over time, you became part of Profit Formula. For the benefit of our listeners that may not be aware of what was Profit Formula and how did that differ from being part of the traditional private client group?

Gerry Goldberg:

So, Profit Formula was really a great program that was first developed and made available by Wachovia. And so while we were still W2 employees of what was known at the time as the private client group, it provided us with more control over our PnL. And what was missing though was greater autonomy and control over our own destiny. But it was an important step from going from the traditional model to ultimately where we evolve to.

Mindy Diamond:

Okay. So in today's industry landscape, there are a lot... in fact, probably the fastest growing model in the industry landscape is this model of quasi independence where an advisor is a W2 employee, but has more control over his PnL. So what was missing from that? I guess, help me to understand a little bit about how it was independent and how it wasn't.

Gerry Goldberg:



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Sure. When we take a look back at what was the catalyst, it was really, in large part, coming from our clients who asked us what we got from being part of a larger firm. And they also wanted to make sure that we were free from conflict. So for us, the initial impetus was coming from a keen interest from not only our institutional clientele or our private clientele, as the marketplace became more sophisticated and understood that there were real differences between them.

Mindy Diamond:

So I understand that language 'cause I traffic in that language every single day and talk to advisors on both sides of the table, the W2 side and the RIA side or the independent side. But if I'm an advisor, let's say, and I'm with Merrill PBIG or UBS Private Wealth or Morgan Stanley Private Wealth. So these are the top of the food chain folks. These advisors really believe that they have access to anything and everything that a high net worth client or institutional client, mid-market institutional clients could need. What would you say to that? Do you agree with that?

Gerry Goldberg:

I would say that at the end of the day, the devil is in the details. In our experience, we did not find that to be the case. They are making efforts to broaden out the options that are available to W2 employees. But for me, it's not about creating an alternative set of facts, but it's really looking at the history of what exactly wirehouses provided. And ultimately, they provided distribution for products and services. And each of the firms that you identified in one way, shape or form, are financial supermarkets in their own right. And in each of those financial supermarkets, there are product owners that are responsible for each of the different products that they're trying to deliver to clients, to the end users.

Gerry Goldberg:

Whereas if you take a step back and you contrast that to the independent universe of registered investment advisors, the product, if you will, is the advisor who's looking out for the exclusive best interests of the clients. So it's a little bit different. And again, I don't want to take away from this that there aren't capable and talented people within wirehouses that are doing their level best and are doing good for clients. Of course there are. But that is not the norm. And unfortunately, for those of you who are still affiliated at wirehouses and you are doing well by your clients, more often than not, you're not going to get credit for it because there are plenty of other people in your midst that are not comporting themselves to the same standard of conduct.

Mindy Diamond:

So I want to be clear. When you talk about a financial supermarket, the days of wirehouses forcing advisors to sell proprietary products is in the rear view mirror. I don't think that's what you're talking



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about. But I think what you're talking about, and correct me if I'm wrong, is essentially the separation of church and state, the separation of product manufacturing and advice and safe asset custody. Correct?

Gerry Goldberg:

That is correct. You're correct that there're many of the ills, if you will, that play the industry are in the rear view mirror. But make no mistake about it that there are still lots of potential for conflicts. For us in the way that we have chosen to pursue our business model, it's fee only. It is exclusively fee only. It's not fee based, and we don't end up accepting commissions to sell other products such as insurance or mortgages or anything else that might be ancillary or related to what clients need. And so that's an important distinction, which I believe that each of the firms that you mentioned have a very keen interest in making sure that all of those products are positioned and presented to clients on a regular basis.

Mindy Diamond:

So I want to spend the bulk of our time talking about GYL and the extraordinary business you've built, but I do have one more question about your life at Wells Fargo. So you went at one point from Profit Formula, this quasi independent model, to what Wells often refers to a sliding into finance, which is their independent broker dealer model. And I think you did that a couple of years before breaking from Wells. So tell us a little bit about what went into that decision.

Gerry Goldberg:

Sure. This was catalyzed, in large part, by our clients who asked us that what we end up getting from being part of a larger firm, because they saw us as being the reason why they were there and they wanted to end up having us servicing them and supporting them on a fully independent platform. And that was something that came through not just from our institutional clientele, but from our private clientele as well. It was interesting because when we were at Wells, part of the marketing to advisors was that the firm had offered multiple channels in which you could plug into, private client group, the bank channel financial network.

Gerry Goldberg:

It wasn't the easiest thing in the world, but to transition from one to the other, and there was some expense involved, there was a, for lack of better description, an excise tax, assessed going from the private client group over into FiNet. There were politics associated with transitioning from one channel to the next and a fair amount of paperwork. But ultimately, we were able to work through that. Perhaps they've improved on the process since we've left in 2016.

Mindy Diamond:



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Yeah. Well, I think in a lot of cases, they have absolutely eliminated the tariff. But aside from the tariff that you had to pay to the private client group at the time for the privilege of sliding into independence, what was involved in it? Was it repapering of clients? How seamless was it?

Gerry Goldberg:

Well, we didn't have to repaper our clients going from PCG or the private client group into FiNet. We did need to send out to them a letter essentially telling them that we were going to be transitioning from one channel to the next. And then they needed to affirmatively sign that they acknowledge that this transition was occurring, but it didn't necessitate us doing new account documents, having to go with another custodian, having to do new advisory agreements. It was really more of an assignment, if you will, transitioning from one to the other, in which they end up acknowledging. And actually that process really wasn't too laborious.

Mindy Diamond:

Good. Okay. So you say that your clients were really pushing you to be more and more independent. And while the independent landscape, the ecosystem, born to support the breakaway advisor and probably wasn't as robust then as it is now, still there were a lot of versions of independence you could have considered, like skipping over the independent broker dealer spot and going right to the RIA space. So why FiNet at the time, as opposed to another version of independence?

Gerry Goldberg:

So for us, actually it worked well and we were happy with the pathway that we took in part because approximately one half of our business was institutional in nature. And so if you end up going out of your traditional wirehouse, they immediately released the hounds, if you will, and aggressively pursue all of your clientele. So if we had to fight our way out, if you will, it's possible that we may not have had the same 100% transfer rate amongst our institutional clientele and nearly 100% transfer rate amongst our private clientele, for those who we invited to join us.

Gerry Goldberg:

With the benefit of hindsight, having the capabilities and intellectual capital that Focus brought to the table made the process that much easier. I suspect we would have been successful either way, but we don't really have any regrets in terms of the modality or the pathway that we took for the reasons stated.

Mindy Diamond:

You had said to me when we talked offline that it was a way of protecting the flank. And I'm not a football player, but I think that's a pretty good analogy, right?



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Gerry Goldberg:

Yes. Again, when it comes to private client relationships, you have a relationship with, more often than not, it's a husband and wife. It would be perhaps then their children and their children's children. But initially, it starts usually with one or perhaps two people. When you're dealing with institutions, there's an investment committee, which could be half a dozen people, it could be a dozen people. And then the assets involved are typically larger in size. And if you're in the public market, if you're dealing with municipalities, these are formally issued requests for proposals, and everybody comes out of the woodwork for a larger pools of assets. So if, in fact, that was being done in an adversarial environment, there's a chance that we would have had more of our clients go at RFP.

Gerry Goldberg:

As it turns out, we did have, out of the, I want to say 60 or 70 relationships, there were two or three that went to RFP and we were able to successfully defend those engagements and they continued to be with clients. I think for us, quite frankly, that was the biggest pleasant surprise is that we anticipated that we would end up having some attrition. And when that didn't happen, we were thrilled.

Mindy Diamond:

Yeah. Yeah. So let me ask you a question. As the industry landscape has grown, there are more and more firms offering these multi-channel models like Wells Fargo. So many advisors like the idea of saying, either if they're changing firms, "I'll move to the traditional employee based private client group of a firm, and then I can slide into independence like you did." Or they're saying, "I'm already with a Wells Fargo or Raymond James, and RBC, any one of these firms with the multi-channel model. And I'll just slide there first as a way of protecting the flank, and then moving to the RIA space." So I guess my question is, in hindsight, would you have opted to skip the two moves or would you still have done it that way?

Gerry Goldberg:

I would say that for us, the pathway that we took worked out really well. It's hard to argue with the success associated with the pathway that we took. It could have been that we would have had the same outcome, but perhaps the advice that I would provide to other advisors who are tuned in today would be entirely dependent upon what the advisor's goals and core competencies are. For my partners and for me, we had and continue to embrace the growth mindset and are lifetime learners.

Gerry Goldberg:

So in other words, we reached the apex of where we had taken our practice inside of a wirehouse, and we wanted to grow to the next level. And so when I say grow, I'm not just talking about focus on size, but rather the quality and the comprehensive nature of what we were doing for clientele. So I think it



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probably involves for each advisor, a hard look at what are their long-term goals and objectives. If they were to go by way of sliding into the quasi independent realm that each of their respective firms may offer them, will that enable them to achieve those goals and objectives?

Gerry Goldberg:

And if not, if they could do a different way, either independently or in collaboration with a firm like Focus, then I would say that that's a very viable option as well.

Mindy Diamond:

So what kind of questions do you ask yourself? In other words, what's the thought process? What do you go through in order to determine if staying within the broker dealer world works, or if in fact you need to break out and do something different like the RIA space?

Gerry Goldberg:

I think it starts off with knowing thyself, just because you're a great advisor does not mean that you will be a great business operator. So sliding into the independent channel and the efficacy of that approach is dependent upon what you're bringing to the table. So the quasi independent realm associated with being in the independent channel is perhaps for some, a good way of trying to run your own business. And at the same time, you're still leaving a number of tasks and responsibilities on the home office, namely things like compliance and technology and legal.

Gerry Goldberg:

So I think it really does involve the advisor taking a hard look in the mirror and saying, "Okay, where are my core competencies? Where are my strengths?" And then working with their trusted advisors, whether it be their attorneys, their accountants, their respective partners within the business that they're in and say, "Okay, are we up for this? Is this something that we want to do?" I think that for us, it was really the best business decision that we had ever made. But I don't want to suggest for a moment that everybody's in the same position or has the same goals.

Mindy Diamond:

Yeah, of course. Well, I think you're going to illustrate that now as we move forward to talk a little bit about... You are independent. You're under an independent broker dealer with Wells Fargo. You have that additional agency or control over your PnL and over how you service clients, which you said you were looking for. So what was going on in 2016, which is when you broke from Wells all together to form the RIA GYL?

Gerry Goldberg:



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So just by way of clarification, we are not part of an independent broker dealer. We are a fee only investment advisory firm that has multi custodial relationships. So we don't have a broker dealer affiliation. In terms of what was happening at that time is that we had been introduced actually by a mutual friend to Focus. And we went out, we were going to be on the West Coast and they had prevailed upon us, "Would you like to meet?" And we did. And the meeting went extremely well.

Gerry Goldberg:

And after that... And when I say we met, it was Jon Yolles and myself, and we went to one of those restaurants afterwards with the paper tablecloths, and we literally mapped out how we thought that this could work. And then I want to say it was several months later that we're able to put all the details together and proceeded forward. But what's important to understand is that, like any other wirehouse, Wells Fargo has to engineer solutions to the masses. It's marketplace was primarily massive affluent, some high net worth, fewer ultra high net worth and institutional clients.

Gerry Goldberg:

And in their perfect world, all advisors are producing within, let's say, an average of \$600,000 to \$1.2 million of revenue. The less than that, and you're not being optimally profitable when taking into consideration the space you occupy and the general infrastructure necessary to support you. More than that, and you begin to have greater expectations for support and additional resources, and the home office and the respect of branch managers tend to find you to be a more burdensome and more of a headache. So for us, we recognized this and we wanted something more, we wanted to end up progressing and taking our business to the next level.

Mindy Diamond:

So what do you think it was specifically? And again, this doesn't sound even a little bit like an indictment of Wells Fargo. It sounds like it's more... you had outgrown the broker dealer model. But give us an example, a tangible specific or perhaps multiple specific examples, of the kinds of things you are able to do for clients as a fee-only RIA that you couldn't under a broker dealer umbrella?

Gerry Goldberg:

Sure. So the first thing that's important to remember is that there has been such a revolution in financial technology, also known as FinTech. And so the nature of that is, it translates into the ability of smaller organizations being able to leverage extremely powerful technological platforms that do better what large firms previously needed large sums of money to be able to put into place. So what we have done is, using not only our own internal capabilities, but leveraging some of the thought leadership that Focus brought to the table. We were able to evaluate several different platforms that have worked particularly well for our clientele.



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Gerry Goldberg:

We've entered into, as an example, a strategic relationship with Mercer, which is the largest institutional consultant in the world. And we have access to their thought leadership and their research and their alternative investments, which are not being incented to sell our clients products. Really, we use them to vet out additional investment options for our clients. That would have never been available to us previously in where we were established for business.

Gerry Goldberg:

Other things such as the integration of our performance reporting, we now are able to offer to private clients, dynamic benchmarking of their respective portfolios. That was something beforehand that the performance reporting for private clients was, more often than not, not accurate, would use static benchmarks, would use generic benchmarks, such as an S&P 500 for an equity portfolio. It didn't make a difference whether it was large cap, mid cap, small cap, international. And the same would be true for fixed income. You'd end up having incorrect benchmarks being assigned. And then you'd end up having to just swim through a thicket of bureaucracy to say, "Listen, this doesn't work." It's providing clients with information that's not really helpful.

Gerry Goldberg:

And ultimately, we don't have to deal with that anymore because we can deal directly with the vendors, explain to them what our client's needs are, and then they're able to assist us in developing a customized and bespoke solution for them.

Mindy Diamond:

Powerful. I get that. So let me rewind a second. You've mentioned Focus a number of times. We're talking about Focus Financial Partners, which is your partner in launching and growing GYL. And we'll get to the growth of GYL in just a minute. But take us through, just a minute, the decision to partner with Focus out of the gate when you left FiNet.

Gerry Goldberg:

Sure. So for us, the first thing that is important and one of the ingredients to our success, is a sense of humility. We know what we know, and we also know what we don't know. So when we were thinking about our pathway into the independent space, we said, "Okay, do we have expertise in vetting out each of the different technological solutions that are out there that would be relevant to the establishment of an RIA?" We needed to go ahead and document and create investment advisory agreements. We needed to go through the process of evaluating various custodial platforms. We needed to establish and operate our own compliance regime, to name just a few of the things that



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would be necessary, and said, "Okay, we have the core competency to be able to learn how to do this, but there are certain things we didn't want to necessarily be starting tabula rasa."

Gerry Goldberg:

So we thought it made sense to give serious consideration to partnering with somebody like Focus. And at that time, we did take a look at some other options as well. Hightower, Dynasty, Mariner. But the thing that was truly unique about Focus is that they offered us the opportunity to benefit from their value add services, while at the same time, not converting us from being entrepreneurs into employees. And that was something that was extremely important to the partners at GYL.

Mindy Diamond:

In some of the other models of independence, like Dynasty or Hightower, these are models where... or certainly Dynasty, where you can get those strategic services, the help with vetting and all of that other sort of stuff without selling an equity stake. So what went into that decision, and was that a good decision?

Gerry Goldberg:

Yeah. Listen, there are certainly lots of different ways to approach how somebody wants to leave the world of being connected with a wirehouse and then pursuing the independent realm. With that said, it's hard to argue with the success that we've had. And I can say that... and again, this may just be me being a big believer in being a prudent diversifier and somebody who's interested in also increasing the probability of success. But think about this through the following, or look at it through the following lens. If you end up having a highly successful firm that is going to take an equity interest within your firm, their interests are a 100% aligned with yours in bringing their best ideas, their best concepts, and increasing the probability of success.

Gerry Goldberg:

So from our vantage point, we felt that it was a great way to have the alignment that we wanted between what it was that we wanted out of a strategic partner, in order for us to be able to achieve our longer term goals and objectives.

Mindy Diamond:

Yeah. All right. So let's drum roll, please. Without further ado, you were at four billion in assets when you left Wells Fargo, tell us how much in assets GYL is managing today.

Gerry Goldberg:



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Sure. So just by way of clarification, that four billion was really, I won't say overinflated, but a lot of that was assets under advisement, as opposed to assets under management. So when you take a look at that, for us, I would say that the number of assets under management was probably closer to one and a half to \$2 billion. And today, the combination of assets under management and assets under advisement is nearly eight and a half billion dollars. When we ended up coming out into the independent space, we had 12 team members, give or take, and we had one office. And today we have 42 team members. We have two offices. And without getting into the particulars of how much revenue we're doing, what I would tell you is that we're doing triple the amount of revenue that we were doing when we left FiNet back in August of 2016.

Gerry Goldberg:

So it gives you some sense of the order of magnitude in terms of how effective and how successful it's been. It's really is well exceeded our dreams, our expectations. And we're just looking forward to what comes next.

Mindy Diamond:

Yeah. Okay. So my head is swimming with a couple of questions. So one is, can you share with us what was on... what did you and Jon write or scribble on that restaurant paper tablecloth that day, a year before you actually broke?

Gerry Goldberg:

I would say that that's a great question. There are a few things that we were focused in on. One of them was what do we stand for? What did we want to stand for? And what did we want that future firm to look like? And so that was the point in time where we really crystallized the three pillars that stand at the bedrock of our firm, which is clients, team members, and community. And it's not just a tagline. It has the added advantage of actually being true. For us, client, all of our processes are geared towards what is in the best interest of clients, proactive, holistic, value added services, whether it be the investment advice, the financial planning, the credit, and the insurance review, delivering this, leveraging our fee only platform.

Gerry Goldberg:

In terms of team members, besides the capital that we manage for our clients, our human capital is what makes everything else possible. So what we were thinking about is we think of our company as a family, and we need to make sure that everybody that was going to join us in that independent space felt that love, felt that commitment and felt empowered to be part of something special.

Gerry Goldberg:



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And then last but not least, it can't just be about us. One of the things that's super important for us as principals and then also for our team members is that while taking care of our clients and our team members is important, they are not the only stakeholders that loom large in how GYL frames out his priorities. And we have several charitable organizations that we support on a regular basis. And additionally, we encourage team members to make a difference in their respective communities in the most authentic way that resonates most for them.

Gerry Goldberg:

So coming back full circle, as you might imagine, it had to be a fairly large tablecloth. And we asked for a few more pieces to continue to develop what that vision look like.

Mindy Diamond:

Okay. But why couldn't you have accomplished that vision at Wells Fargo or if it were Merrill Lynch or UBS? Why did it have to be independent in order to be able to add value for clients, empower team members and create a community rooted in charity and whatnot?

Gerry Goldberg:

Well, it's not to say that it is absolutely impossible to accomplish some of those goals at a larger firm. You can certainly accomplish some. And I guess a lot of it depends upon how much autonomy, how much flexibility that you end up having. What I will say, though, is over the past few years has been lots of discussion around what are the standards of care that are applicable to servicing clientele? Is it the best interest standard? Are you acting in the exclusive best interest of clients? Is that a continuous duty? And the truth is that in wirehouses and those larger firms, there is still some uncertainty and some inconsistency in terms of how different advisory firms, different advisory practices rather, approach that. Some do an excellent job and really work very hard to fulfill a fiduciary role with respect to our clients. Many do not.

Gerry Goldberg:

And for the uninitiated and for the marketplace, sometimes it becomes very difficult to be able to discern and be able to tell out the good guys from everybody else. So for us to be able to start tabula rasa, to be in our own independent firm and not be subject to the myriad of conflicts that come along with being part of a larger financial supermarket, this was a great opportunity for us to be able to leverage all of the technology that's available out there and to be dynamic and to be proactive and to grow something that was special.

Mindy Diamond:



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So had you not met with Focus before you and Jon sat down with that giant paper tablecloth, do you think that you were aware of the disconnects? I guess, was it more that Focus opened your eyes to what was possible and you began to see the delta between what you could do and what you wanted to do? Or were you already feeling the pain?

Gerry Goldberg:

Well, I would say that it's important to take a step back and remember the reason why we moved from the private client group into FiNet in the first place was because our clients were expressing that level of interest in us being able to be more independent and to be part of an independent platform. And we recognized this as well, that it didn't make a difference as to the efforts and our approach to how we took care of our clients, which fortunately they appreciated it. But it was definitely a limiting factor in terms of working with potential new clients. As the marketplace has become more sophisticated, people are rightfully both, whether they be individuals or institutions, they're asking the questions about independence, freedom of conflict.

Gerry Goldberg:

I can tell you that there were RFPs that people wanted us to respond to. But then the moment that they heard that we were affiliated with a larger wirehouse, we learned that we wouldn't be able to satisfy the minimum criteria because they were looking for firms to apply which did not have that affiliation.

Mindy Diamond:

Interesting. So you and I have talked, and I've talked with a lot of guests on this podcast about how serving clients better was always the true north and how they were able to do that better as an independent. But I love what you said about one of the goals was empowering your team members. Can you give us an example, how being an independent RIA enables you to empower your team members in a way you couldn't have elsewhere?

Gerry Goldberg:

Sure. The best thing to do is, it just give you some perspective or insight in terms of how we think about the business and how we think about our team members and how they play such an important role. So it starts with really what is axiomatic, is that we love our clients and we're passionate about making an impact on their lives. And the other thing that's also true is that there's two other factors that have contributed to our success. First is that we embrace the growth mindset. And second is that we practice extreme ownership.

Gerry Goldberg:



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Extreme ownership is best explained in an excellent book by Jocko Willink by the name of Extreme Ownership: How U.S. Navy SEALs Lead and Win. And when you think about team members and you think about how you approach just problem solving and developing solutions for clients, there's no one else to blame. You must own the problems along with the solutions. And for us as a management team, we commit to leading up and down the chain of command. So it's so important to... There are different concepts such as, if we win, everybody on the team wins, if we fail, that everybody fails. But you also want to, for lack of better description, to decentralize a command so that everybody within your organization has an opportunity to lead. Everybody must understand not just what they are doing, but why.

Mindy Diamond:

Okay. So let's talk about the growth you've experienced. That's triple growth in five years in terms of revenue and double growth from four billion or what was actually probably closer to two billion, to eight and a half billion in a five-year period. To what do you attribute that?

Gerry Goldberg:

I would say probably the most important piece of the equation is our culture. Our culture and our 'we over me' mindset makes us formidable. If you're helping people and you have passionate team members who love what they are doing, there really is nothing that can stop you. I know that may sound hokey, but you have to be passionate. You have to love what you do. And those are the people that we look to attract to be part of GYL Financial Synergies, because if you're passionate about what you do, then you're going to be better and you're going to be that much more effective.

Gerry Goldberg:

And when passionate people are working, they end up creating their own magnetic field. Both clients and team members are drawn into that magnetic field because of that.

Mindy Diamond:

And what other best practices have you employed in term... That's not just average growth. That's exponential and extraordinary growth. So what else is there in terms of how did the technology in the RIA space help you grow? What other best practices can you share with others? What are the takeaways?

Gerry Goldberg:

Well, I would say that, drawing upon something I said earlier, it really starts with humility. And why I say humility is you have to take a hard look at yourself in the mirror and see the areas where you could improve upon and be open, be receptive to technology. It can't be that you become emotionally



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invested in specific applications. So for us, when we ended up leaving the wirehouse, it gave us an opportunity to really, for the first time from the ground up, design and evaluate everything that we were going to be doing, from the custodial relationships that we have, to the performance reporting capabilities that we're going to provide, to the contact management systems that we're going to utilize, to how we were going to vet and evaluate investment alternatives that were no longer going to be limited. So through all of those possibilities, leveraging that.

Gerry Goldberg:

And quite frankly, for anybody who knows me and knows us and the team members that know the way management thing, constantly, we're looking at how can we be better? How can we be faster? How can we be stronger? And we're constantly subjecting all of our systems internally to a robust level of scrutiny. Is this the best that we can do for clients? Is there a way that we could improve upon the end user experience? And if so, then how do we do that? And let's put that into the roadmap. And then once we've determined what is necessary to accomplish that, we lock it in, we plot a course to intercept and then we execute.

Mindy Diamond:

Yeah. Well, it's obviously worked well extraordinarily. Right now, we know that M&A is extraordinarily frothy in the RIA space. How much did inorganic growth acquisitions, mergers play into the growth you've experienced?

Gerry Goldberg:

So today, we ended up doing one transaction that was back in January of 2019. And we ended up having a firm by the name of Resnick Advisors to join GYL. And for us, that was a very important transaction. It represented approximately a billion dollars in private client assets. But for us, anytime we're taking a look at doing a transaction, we're really looking for a few things. Number one, are the people good people? Are they people that have a shared mindset in terms of how they feel about clients, how they feel about their fiduciary responsibility? Number two, is the transaction is coming together with that other firm going to play an important part? Is it going to somehow make us better?

Gerry Goldberg:

So for us, it was a great opportunity to not only increase our size, increase our critical mass, it also enabled us to be able to come together with some very talented people. Marty Resnick has often been referred to as the Oracle of Westport. And we have not just Marty, but we have some extremely talented partners, Joe McBride, as well as Peter Karadimas became partners of our firm at that time as part of this process. So there was a lot of things that were accomplished. And so together with Legacy



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Resnick Advisors, we were able to develop the critical mass so that we would have the battle strength necessary to then take ourselves to the next level.

Gerry Goldberg:

And you have to have battle strength before you become battle ready. And we went through another evolution of additional systems so that we could have a scalable enterprise to take us to where we're going next.

Mindy Diamond:

So it was really a very strategic acquisition. Adding a billion dollars to the business was wonderful. But it sounds like it was driven first and foremost by culture and a strategic fit.

Gerry Goldberg:

Absolutely. You have to remember with where Resnick Advisors was located. They were down in Westport and they not only had a number of clients in Fairfield County, they did a lot of business with clients down in New York and New Jersey. So for us, it's important to note that we have clients all throughout the country, but we especially have a significant presence down in places like Pennsylvania and Maryland, in addition to the place that we occupy here within Connecticut.

Gerry Goldberg:

So it was really part of building out a strategic land-bridge as we continue to move south. Today, we have clients in 38 states. So it's not as if that's the only area that we're active in. But certainly, that was an important piece of what our thinking was. And it's really helped us to propel forward in terms of our action plan.

Mindy Diamond:

Yeah. So did it create an appetite for doing additional M&A?

Gerry Goldberg:

Oh, there's no question that both organic as well as inorganic activity continues to be important to GYL. And we are most certainly interested in continuing to pursue both of those. For us though, what's important is our intention is not to grow for growth's sake. Our intention is, again, to think about it strategically, are they good people? Are they people that would thrive within our culture, our client centric culture? Will they somehow make us better? So we are certainly now actively engaged in a number of initiatives that will continue to propel not only organic activity, but we're hoping, in the next few months, to have some exciting news to share with the marketplace.



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Mindy Diamond:

That's awesome. And how about succession plans, Gerry? It sounds like you're growing and having a whole lot of fun, but still we know that focusing on the future is important. So what do you think that looks like?

Gerry Goldberg:

So succession is important with respect to any firm, including ours. The way that I think of the advisory world, we know that there's an aging out of the advisory population, that you have a lot of people, not only within the wirehouses, but within the independent advisory space, that you have a number of professionals that are in their 50s, their 60s, their 70s, and they need a succession plan. For us, we think of it and forgive the analogy, but I think of it almost like a flights of wine, you want to have multiple vintages. It is irresponsible and it is imprudent to just focus in on, okay, everybody's going to be 50 or 60 years old. And then, well, what do you do with respect to your clients and what are you doing with respect to your team members to ensure the continuity of the enterprise and the continuity of the services that you're providing to clientele?

Gerry Goldberg:

So for us, we have many different professionals in a variety of different subject matter areas within our firm. Not only that are more senior, but we have a number of people, not just in their 50s, but also in their 40s, in their 30s and in their 20s as well. And by virtue of making sure that you end up having these, for lack of a better description, multiple vintages of advisors, of research people, of finance people, of compliance people, you make sure you have a continuity of client experience. It's also part of the reason why every client at the firm has a partner, a wealth advisor and a client associate. Depending upon the complexity of the relationship, you may have multiple of any of the above.

Gerry Goldberg:

But by doing that, you build in redundancies, you build in succession. And so it doesn't become a scenario that you and I both know, a lot of advisors are facing, we say, "Oh my goodness, I'm 55, I'm 60, I'm 65 years old. I don't really have a number two." It's been like a one-man or one-woman show, or maybe just there's a couple of you and you haven't thought of that. So you really owe it to yourself, you owe it to your clients, you owe it to your team members to really give some thoughtful consideration to that important issue.

Mindy Diamond:

And how do you think that you and Jon and your partners will think about monetizing your legacy when it's the end of the day?



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Gerry Goldberg:

So for us, monetization really can happen at all different times, along the trajectory, along the arc of somebody's story. We had an opportunity to partially monetize our investment and our sweat equity when we ended up doing our transaction with Focus. But what's so important and what was truly unique and continues to be unique about what Focus did is it did not take entrepreneurs and turn them into employees. So for us, we were able to continue to grow equity. And there's an opportunity for us at the appropriate time. As we bring in new partners to monetize, we have very clear succession plans. We've got standard operating procedures and protocols in terms of what our business, how it is valued, that is covered within our operating agreement. And we feel very confident that we'll have the ability at the appropriate time to continue slowly but surely to increase the number of partners within our firm.

Gerry Goldberg:

And in fact, we're actually going to be announcing later today, the admission of two partners that will be effective within the next few weeks. So that's also something that we're very excited about. And it's very important for the things such as succession, and of course, other topics such as monetization as well.

Mindy Diamond:

Yeah. You've built something extraordinary, that's for sure. And lots of exciting stuff to come.

Mindy Diamond:

If I asked you one final piece of advice for an already established RIA, so a competitor, but a smaller competitor. So someone managing more of a practice than a business enterprise, say managing a billion or so in assets, that wants to grow and wants to scale as you have, what would your one piece of advice be?

Gerry Goldberg:

I would say that you don't let fear preclude you from really giving serious consideration to the options that are available to you. Go into it with an open mindset and do your due diligence. It's very easy for those of us who were successful within wirehouses and elsewhere to say, "You know what, I'm making a good living. If it ain't broke, don't fix it. Why should I let the powers of inertia continue to carry me forward?"

Gerry Goldberg:

And if we had done that, we would have missed out on the opportunity of a lifetime. And depending... again, everybody's a little bit different. I'm not going to fall to anybody if they let the powers of inertia



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carry them forward. But if you're like us and you want to be an impact player and you want to create something that's really special, why not take a look? Why not consider the options?

Mindy Diamond:

Yeah. I love that. The truth is that there is nothing wrong with someone that is content running a lifestyle practice. There isn't one way to run a business. Not everybody has their design set on building an enterprise, but I think, to your point, that if you have dreams, sit down with a giant white piece of paper somewhere and sketch it out and determine how much of a delta there is between where you are and where you want to get to and what you're willing to do about it.

Gerry Goldberg:

Absolutely. There are no value judgments that are being made here. And everybody has a different pathway. Everybody has different goals, different priorities, different objectives. All I can say is that for those of you who are giving even a slice bit of consideration to this, do yourself a favor, do your due diligence, consider the options, and you might just have the opportunity to do the greatest thing you've ever done.

Mindy Diamond:

Love it. Gerry, I can't thank you enough for your time. Your words of wisdom, your generosity, and most of all, a lens into your extraordinary success. It's really quite exciting. And can't wait to hear more. Congrats on all the amazing things you're doing.

Gerry Goldberg:

Thank you, Mindy. It's been an absolute pleasure. And again, thank you for including me in your program today.

Mindy Diamond:

Pleasure.

Mindy Diamond:

Gerry's story is an incredible one, both relevant and relatable. But what resonated most was his closing advice. Don't let fear preclude you from exploring your options. While it's easy to allow inertia to guide you, doing so can mean you'll miss out on the opportunity of a lifetime.

Mindy Diamond:



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Mindy Diamond:

Feel free to email or call me if you have specific questions. I can be reached by cell at (973) 476-8578 or by email at mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality. And again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. And if you're listening on the Apple Podcasts 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.