

Award



Debra L. Reed of Sempra Energy says one of the company's values is to be a responsible community partner.
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Finance



Dave Fischer of Independent Financial Group says that revenue has steadily increased.
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GETTING STRONGER

Photo courtesy of Hoist Fitness Systems

Greg LeMond, from left, Billy Kim and Jeff Partrick stand by Hoist Fitness equipment. According to the company, Hoist has been profitable every year since 1997. Hoist recently moved into its new custom-built headquarters.

SPORTS: Hoist Fitness Works With a Successful Growth Formula

■ By BRAD GRAVES

When **Hoist Fitness Systems** designed its custom headquarters in Poway, its executives knew they wanted several things. One was a shower near the showroom.

That showroom is actually one of the perks of going to work for Hoist. At 5:30 in the morning and during the noon hour, it doubles as the staff workout room.

Hoist builds gym equipment. Row upon row of its products fill the spacious room. The equipment includes the latest models

70%

The amount of Hoist Fitness Systems' business that comes from the commercial side rather than home fitness.

from the company's ROC-IT line, which gently change the angle of a user's torso as he works the levers with his arms or legs.

The company does not reveal sales figures, but it's doing well.

CEO **Jeff Partrick** notes that Hoist has been profitable every year since 1997. And its private owners were comfortable enough in the current economy to move up to a custom building.

Builder **Hamann Construction** broke ground on Hoist's 6.8 acres at the end of

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Real-Time Bus Schedules Arrive Via Cubic Corp.

TRANSIT: N.Y. System to Pinpoint Times, Notify Riders

■ By BRAD GRAVES

Cubic Corp., which provides electronics for mass transit systems around the world, will soon help answer the question on New Yorkers' lips: When in the world is the bus going to arrive?

The San Diego company said it recently received a deal valued at nearly \$27 million to supply specialized electronics to the New York Metropolitan Transportation Authority.

Those electronics, which incorporate GPS and cellular modems, will go on city buses to let them communicate their locations to central servers.

Riders can then consult the system, called MTA Bus Time, to find when a bus will be

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Land Developer Seeks Opportunities Nearby

PROPERTY: Neighboring Counties Have Fewer Hurdles

■ By MIKE ALLEN

As vacant land tabbed for building new homes becomes harder to find in San Diego, residential developers set their sights to the hinterlands in Riverside and Imperial counties, and beyond.

Lansing Cos., based in San Diego, is a prime example. Recently the company acquired a 1,300-unit project on 475 acres near Hemet. Last year, the company acquired two residential projects in Imperial County that together had nearly 3,000 planned lots.

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Pathway Taps Avenue For Sharing Genetic Data

HEALTH: Alliance Is Formed With Large Medical Records Firm

■ By MEGHANA KESHAVAN

San Diego's **Pathway Genomics** has been ramping up its presence in the field of personalized genomics, as evidenced by its most recent collaboration with **Practice Fusion Inc.**, a San Francisco-based electronic health record developer.

"The field of genetics is rapidly growing, but the question is — how can we get all this information to physicians as quickly as possible?" said **Michael Nova**, Pathway Genomics' chief medical officer. "Through electronic interfaces. Through electronic health records."

➔ *Pathway page 36*

Fenton Finds Home for Clean-Tech Innovations



Images courtesy of H.G. Fenton Co.

Developers and clean-tech experts say **Solterra EcoLuxury Apartments**, nearing completion in Scripps Ranch, will be San Diego County's first market-rate community driven 100 percent by solar-generated power.

PROPERTY: Apartment Project Is User-Friendly for Technology

■ By LOU HIRSH

Residents of an apartment community soon to open in the Scripps Ranch neighborhood, developed by **H.G. Fenton Co.**, will be the first in the region able to get all of their power from the sun, and track their usage on their smartphones.

Leaders of San Diego-based Fenton, as well as local utility and clean-energy experts, say the 114-unit **Solterra EcoLuxury Apartments** is also among the first market-rate multifamily complexes in the nation to be 100 percent equipped with rooftop solar technology and related monitoring gear.

Starting with the first move-ins in May,

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WEALTH MANAGEMENT

Gaining Independence

FINANCE: Financial Advisers Break Away From the Big Firms

■ By MIKE ALLEN

Locally based broker-dealers that provide back office and support services to independent financial advisers are expanding their local operations as more of the advisers break away from big brokerages.

Several local firms say the independent adviser model is resonating with more financial planners who are dissatisfied with working in larger organizations that limit their product options, and take a larger share of the revenue the advisers generate.

“Our target market is the advisers who work at the larger brokerage firms, the **Morgan Stanleys**, the **Merrill Lynches**,” said **Rob Bartenstein**, CEO of **Washington Wealth Management**, based in San Diego and with eight offices nationwide. “The fundamental driver for this process is the entrepreneurial spirit in the heart of every adviser who works in these large firms.”

WWM now has 22 advisers in its system but it’s picking up advisers every week, and Bartenstein has lofty ambitions.

“We went from about \$100 million in assets under management at the end of 2011 to where we are today (nearly \$1 billion),” Bartenstein said. “Our goal is grow to about \$3 billion by the end of the year.”

WWM is a hybrid registered investment adviser or RIA, which means its advisers can charge either commissions or flat fees for their services. The advisers have the option of using the WWM brand to solicit business or their own names.

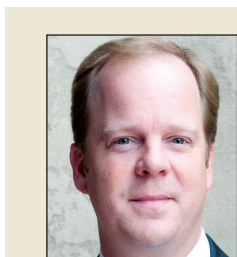
Open Architecture Model

Independent Financial Group has a similar construct as WWM, providing all the back office support on the investments selected by the advisers, regulatory compliance, marketing and licensing, but allowing the advisers to offer whatever products best suit their clients’ needs.

“We have an open architecture model that allows brokers to do what they want (in terms of investment choices for clients) within the confines of the SEC,” said **Dave Fischer**, one of IFG’s three owners and its chief marketing officer. “Our advisers can charge commissions or fees, and some brokers do both.”

IFG, founded in 2003, has about 500 advisers operating in 265 offices in 36 states. The firm added about 20 advisers last year, and saw its assets under management grow nationally to about \$8 billion. The firm has about 100 advisers in San Diego County, and some 250 in California.

Fischer, who formerly worked at **LPL Financial**, which is among the largest broker-dealers in the country, said



Rob Bartenstein

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— Rob Bartenstein, CEO of Washington Wealth Management



Tim Callan

‘In the past five years, the wealth management industry has been gravitating to the independent investment adviser space.’

— Tim Callan, president of Callan Capital



John Rooney

‘We’ve been growing about 10 percent a year over the past two years, and in San Diego we’ve expanded our staff from 60 to 90 during that time.’

— John Rooney, managing principal Commonwealth Financial Network



Dave Fischer

‘We have an open architecture model that allows brokers to do what they want within the confines of the SEC.’

— Dave Fischer, chief marketing officer of Independent Financial Group

thanks to its expanded advisers network and overall stock market uptick, IFG’s revenue has steadily increased. Last year, sales hit \$76 million, up from \$64 million in 2011. That was good enough to put IFG on several fastest growing company lists including those tabulated by **Inc. Magazine** and **InvestmentNews**.

The firm’s headquarters in Carmel Valley also added 13 people last year to bring the local headcount to 50. Jobs cover operations, compliance, marketing, licensing and recruiting.

Expanded Network

First Allied Securities Inc., another locally based broker-dealer, significantly expanded its network of advisers and assets under management last year when it acquired Florida-based **Legend Group**. The transaction added some 400 advisers and \$6 billion in managed assets to bring the latter sum to nearly \$30 billion as of this month, said **Bob Holcomb**, president of First Allied’s

wealth management division.

“We now have about 1,400 advisers in 900 offices and are operating in all 50 states,” Holcomb said. Within San Diego First Allied reported holding about \$6 billion in assets under management.

In an interview last year, First Allied Securities Chairman **Joel Marks** said he anticipated the Legend acquisition to increase the firm’s total revenue to a range of \$325 million to \$350 million.

Marks said First Allied and many of his competitors are in an expansion mode to boost their profit margins. “You have to get larger or become more of a niche provider,” Marks said.

Some wealth managers pride themselves on growing organically rather than by acquisitions. “We’ve been on a tear recently,” said **Michael Fenison**, founder and chief executive at **Pure Financial Advisors**. “For us, it’s been one client at a time.”

Last year, the firm that was founded in 2007 added 338 clients and increased its

assets under management to just above \$600 million from about \$400 million in the prior year. Pure Financial added seven employees to its staff last year, bringing the total to 29, Fenison said.

Fee-Only Model

Pure Financial, like many other wealth management firms, uses a fee-only model to charge for its services. The industry’s common rate is 1 percent of the assets managed, but for clients with assets in excess of \$2 million, fees are usually discounted to less than 1 percent.

The advantage with the fee-only model is clients aren’t getting hit with sales commissions every time they decide to buy or sell an investment. Registered investment advisers are fiduciaries as opposed to brokers who are usually paid from commissions they earn on the products sold.

A fiduciary is legally bound to act in their clients’ best interests. The arrangement is often regarded as more fair to clients because it eliminates potential conflicts of interest that can arise with the commission-based service model, said several financial planners.

As fiduciaries, advisers put their clients’ best interest first and cannot accept fees related to the investment products sold, said **Tim Callan**, president of **Callan Capital**, based in La Jolla and with about \$400 million in assets under management.

“In the past five years, the wealth management industry has been gravitating to the independent investment adviser space,” said Callan. His firm grew its assets under management by about 40 percent last year due to two factors: several clients sold their businesses, and the value appreciation of most clients’ portfolios, Callan said.

Now Hiring

The firm is the process of hiring another certified planner, which would bring his total staff to seven including his two brothers, Trevor and Ryan, Callan said.

Commonwealth Financial Network, which has headquarters offices both here and in Waltham, Mass., outside of Boston, is also expanding its local operations as it picks up more independent planners nationwide, said **John Rooney**, managing principal.

“We’ve been growing about 10 percent a year over the past two years, and in San Diego we’ve expanded our staff from 60 to 90 during that time,” Rooney said.

The firm has about 1,450 advisers working in 900 offices nationwide, with most offices having only one or two advisers each, he said. The firm has about \$70 billion under management.

“We opened the San Diego office in 2000 with only eight people, and have grown it fairly consistently since then,” Rooney said. “Today we’ve got eight job openings.”

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