



For Immediate Release

Recruiting Check Payments Grow Elusive for Advisors, Brokers
*New White Paper Documents the Increasing
Difficulties of Earning All of the Promised Compensation*

San Francisco, Nov. 16, 2010 – Advisors and brokers for wirehouses and big banks are unlikely to see a good portion of their advertised six- or seven-figure recruiting payments because firms are applying onerous new conditions that make it virtually impossible to satisfy the terms, according to a new white paper from Sanctuary Wealth Services.

The nine-page analysis, [*The Illusory Recruiting Check: What's Next For Wealth Advisors*](#), found that the practice of offering large checks to lure advisors to firms has changed significantly, largely to the detriment of advisors. Sanctuary, which provides independent advisors with investment solutions, business support services and consulting expertise, found that while firms are advertising bigger payments, they are increasingly a mirage for advisors.

“It was once a no brainer for both firms and advisors to play the recruiting check game because it was a benefit for everyone,” the paper states. “For advisors, it made perfect sense to take a six- or seven- figure recruiting check and change firms every five years. For firms, ever-increasing profits meant there was no need to scrutinize the large recruiting payments, even if they were a questionable economic proposition.

“Now, the ground rules have changed for firms and advisors because of profitability constraints on the industry,” the paper continued. “The daunting conditions attached to most recruiting offers strongly suggest that advisors could be making a mistake if they take the money and run to a new firm. That’s especially true for advisors with a strong, loyal base of clients.”

Jeff Spears, CEO of Sanctuary Wealth Services, said firms have stretched the payment terms from five to nine years; decreased the percentage of the total payment received upfront; and added aggressive revenue milestones in addition to the normal asset targets as a conditions for receiving the backend payment.

“Today, there’s only a 10% chance advisors will get the backend payment, compared to 95% in the 1990s,” Spears said. “Advisors need to look carefully at the fine print of their agreement. The illusory recruiting checks are one part of a broader trend in which advisor compensation at traditional firms is being squeezed and will continue

to shrink. In our view, this trend will accelerate the movement to go independent because that model is better for both advisors and clients.”

To read Sanctuary’s Blog on Wealth on recruiting checks, visit <http://www.blogonwealth.blogspot.com/>.

About Sanctuary Wealth Services

Sanctuary Wealth Services is the champion of independent advisors and wealth management firms. Headquartered in San Francisco, Sanctuary provides breakaway advisors and established wealth management firms with a complete set of investment solutions, business support services and consulting expertise. Sanctuary was founded by a team of former Wall Street top producing brokers and wealth management executives and has a strategic investment from JMP Group (NYSE:JMP). Sanctuary’s [Blog On Wealth](#) offers commentary and insight about the wealth advisory business. For more information, call 415.291.2900 or visit www.sanctuaryws.com.

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