



Stephen Whalen
Page 12: Andrew Canter, whose early bet on Facebook has allowed him to create a group of financial companies, recently launched a wealth management division to assist clients in understanding the implications of major real estate deals.

Financial Advisors Put Out Welcome Mat for Homebuyers

FINANCE: Canter Cos. Sees Real Estate as Entry For Wealth Management

By MICHAEL LIPKIN

Buying or selling a house can be the biggest financial decision of a lifetime. But real estate agents at **Canter Cos.** — a combination developer, broker and venture capital firm — said many homeowners don't run real estate deals by their financial advisors to protect their tax liabilities.

"We were watching people go through these transactions, selling a \$5 million home, and then being shocked at their tax line when they signed the closing docs," CEO **Andrew Canter** said. "It was baffling to us. If you have a \$5 million home, you definitely have financial advisors somewhere along the line, but they were just so far away from any home purchase transaction."

Canter has added another prong to his company in the hopes of seizing on homeowners' hesitancy to fully consider the implications of a major real estate deal. Canter launched **Canter Strategic Wealth Management** in January, aiming to house real estate agents and certified financial planners in the same office. Real estate agents will receive quarterly revenue based on the clients they refer to the wealth advisors, who will in turn have a steady stream of referrals.

A Needed Opening

"The biggest challenge for a typical wealth advisor is getting that warm introduction to a potential client," Canter said.

There have been months of corporate



Stephen Whalen
Andrew Canter, CEO of Canter Cos., recently launched a wealth management division to assist clients in understanding the implications of major real estate deals.

restructuring, separating out the real estate, venture capital and wealth management divisions to satisfy regulators. And real estate agents need to be trained enough to know how to describe the company's financial planning offerings and know when to stop before giving out actionable advice. The head of the wealth management division, **Eric McMullan**, the former chief fiduciary officer for **First American Trust FSB**, is also most experienced with institutional wealth management, leading Canter Cos. to focus primarily on institutional work since January.

Canter expects a series of acquisitions of other wealth management firms will balloon the company's assets under management to \$500 million in the next two

months. At that point, advisers will start working more closely with real estate agents to test out the model.

Even once Canter has a full stable of financial planners, he will still need to persuade clients who probably already have a financial adviser to bring at least some of their business to Canter Cos.

"I agree, it's going to be very difficult to bring everything over," Canter said. "It obviously still has to be proven."

'Pivotal Moment'

Canter's ideal scenario is an agent, about to close on a sale with a client, brings in a financial planner from down the hall to outline some of the potential pitfalls the client can avoid. The advice would be free up front, but might entice

the client to move some of their portfolio to Canter, giving the wealth managers added business and real estate agents an alternative to unpredictable commission-based pay structures.

"It is a point in a person's life where you'll have to sit down and look at your finances, so it's a perfect pivotal moment," Canter said. "And this ties in clients with the company even more."

It's an integration strategy that Canter said worked before when he was building up the company by buying and reselling foreclosed California homes. Canter eventually resold 2,000 homes and thought the volume could be a catalyst to start his own real estate brokerage. The division now sells other developers' homes and is a profit center for the company.

On top of easy networking, wealth advisors will also be able to offer access to Canter's venture capital and real estate development opportunities. The venture capital division started as a way to diversify Canter's personal investments and, helped by a successful early bet on **Facebook**, let him invest in San Diego startups, including **Housecall** and **Cursive Labs**.

The advisors won't push proprietary products on clients and will still offer traditional stocks and bonds, Canter said. The opportunities will merely allow Canter Cos. to offer investments no other firm can, he said.

"Rather than buying a real estate investment trust where they'll be \$100,000 in a \$1 billion portfolio, we can put together a real estate deal and they can be a substantial part of it," Canter said. "We can give them a hard hat, take them on site, and they can show their friends."