

## Consultant Heavyweights Took Millions in PPP Loans

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July 28, 2020

More than a dozen investment consultants and outsourced CIO (OCIO) firms, advising on and managing trillions of institutional client assets, have applied for loans under the **Paycheck Protection Program** (PPP), data provided by the **Small Business Administration** (SBA) shows. Among the applicants are two of the largest investment consultants in the business, [Meketa Investment Group](#) and [RVK](#), who collectively oversee roughly \$4 trillion in client assets.

### Who Took What

While some consulting and OCIO firms applied for million-dollar PPP loans, others kept it within the six-figure range.

Consulting/OCIO firm	Size of loan applicatoin
Clearstead Advisors	\$2M - \$5M
Meketa Investment Group	\$2M - \$5M
RVK	\$2M - \$5M
TIFF	\$2M - \$5M
AndCo	\$1M - \$2M
Canterbury Consulting	\$1M - \$2M
Colonial Consulting	\$1M - \$2M
Clearbrook	\$350,000 - \$1M
Dahab Associates	\$350,000 - \$1M
DeMarche Associates	\$350,000 - \$1M
Innovest	\$350,000 - \$1M
Mill Creek Capital Advisors	\$350,000 - \$1M
Mangham Associates	\$150,000 - \$350,000
Planpilot	\$150,000 - \$350,000

Source: Small Business Administration

Both received a loan ranging from \$2 million to \$5 million, SBA data shows. Meketa declined to specify the loan amount. RVK's was "at the very low end of the range," says the firm's president and senior consultant **Jim Voytko**. Both companies disclosed taking the loans in their Form ADV Part 2 brochure and informed clients. Meketa declined to comment on whether it intends to repay the loan, and Voytko said RVK has made no decision about the "long-term status" of the loan.

"Though we are a major national institutional investment consulting firm, we are as an enterprise a small company, not part of a large multi-line public corporation or asset management firm as some of

our colleagues are in the investment consulting industry,” Voytko wrote in a statement. He added that the firm’s clients have shown “almost no interest in the subject at all” but rather “continue to show great interest in sustained support and responsiveness from our consulting staff across the board.”

Meketa, in a statement from a spokesperson, said the firm is “financially stable” but believes “it is prudent to take all necessary steps to protect our employees, and to maintain the highest level of service to our clients, through what we, and most pandemic experts, believe will be a prolonged battle with COVID-19.”

RVK consulted on \$2.5 trillion in client assets, roughly \$1 trillion of which are full-retainer clients, with another \$1.5 trillion being project-based clients, as of Dec. 31. Meketa consulted on \$1.5 trillion in client assets as of March 31, and \$17 billion in discretionary assets. RVK does not have an OCIO unit.

In addition to the consulting heavyweights, SBA data shows that at least a dozen smaller firms across the investment consulting and OCIO landscape applied for PPP loans as well. Investment consulting and OCIO shops **AndCo**, advising on \$92 billion in client assets; **Colonial Consulting**, with \$38 billion in client assets; and **Canterbury Consulting**, overseeing \$24 billion in assets, for instance, have applied for loans between \$1 million and \$2 million, according to SBA data. **Clearstead Advisors**, an OCIO and consulting firm overseeing \$23 billion in client assets, applied for a loan between \$2 million and \$5 million.

Colonial said it applied for the loan earlier this year “out of an abundance of caution based on market and economic uncertainty in light of the emerging COVID-19 pandemic.” The firm added, however, that its governing board has since decided to fully repay the loan, given the improved market conditions and the fact that “the more dire scenarios we feared seem increasingly unlikely.”

Representatives at AndCo and Clearstead did not respond to requests for comment, and Canterbury’s marketing chief did not return several calls or respond to a *LinkedIn* message.

**The Investment Fund for Foundations** (TIFF), a nonprofit OCIO managing \$6.5 billion in other nonprofit organizations’ money, applied and received a loan of about \$2 million, according to CEO **Kane Brennan**.

“As a nonprofit organization serving other nonprofits, it was important for us to provide our clients and employees comfort that we would be able to continue delivering our services during this prolonged pandemic,” Brennan wrote in a statement. He added that the firm expects to repay the loan in its entirety.

Across the financial services industry, countless firms have taken PPP loans, including hundreds of asset management firms and financial advisors, [as reported](#). But many have faced criticism over taking the taxpayer money-funded loans.

The SBA has issued several rounds of guidance on which companies can receive a loan, but while the rules exempt certain industries or sub-industries, lawyers say the rules for financial services companies and investment consultants aren't clear.

The SBA's instructions state that companies engaged in lending, as well as investments, cannot apply. But the definition of who falls into those categories is unclear, and there's an exclusion from that rule for businesses that are acting as financial advisors on a fee basis. The latter "presumably should cover investment consultants," says **Jessie Gabriel**, partner and co-lead at law firm **BakerHostetler**'s investment funds industry team.

To qualify, companies needed to certify that the economic market conditions at the time of the loan application made it necessary for them to get the PPP loan. For investment consultants, Gabriel says, that means their eligibility may depend on their compensation structure.

"Some probably weren't hit that hard with [COVID-19] because they are on a retainer basis or because their [fee] percentage is so small that even the reduction in assets under management due to the financial markets drop didn't affect them as much," says Gabriel.

Other consultants might be on a fixed-fee schedule with clients, which means even when assets drop in volatile market conditions, consultants still get paid the same. The use of fixed fees varies across the industry, but they are typical for non-discretionary services, says **Valter Viola**, managing director and principal heading OCIO searches at [Cortex Applied Research](#).

A fixed fee doesn't automatically disqualify consultants from receiving PPP loans, Gabriel adds. Firms only needed to, at the time of application, "believe in good faith that it was necessary" for them to get the loan. And at the time of the application period, "there was so much uncertainty,... [and] for a lot of people, it was impossible to know how the pandemic will affect [their] business."

As part of the fallout from receiving the loans, some search consultants could view OCIOs or investment consultants as financially insecure.

"It will be a question [on our RFPs] going forward... as we focus on the financial stability of these firms," says **Brad Alford**, founder and principal at OCIO and consultant search firm [Alpha Capital Management](#). The fact that "a quick blip like that would make a trillion-dollar-plus firm take a loan from the government" could be a "red flag," he adds.

Other search consultants say that, while firms taking the loan to address solvency issues is a cause for concern, investment consultants and OCIOs might have tapped into the government's coronavirus war chest for other reasons, including greed.

"If you put your pure financial hat on, why wouldn't they go for low-cost money?" Viola asks. But while it "may be the right financial decision, there may be reputational repercussions," he adds, such as some people asking, "Why are you taking this money that should be going to someone more needy?"

Beyond the investment consulting and OCIO shops applying for million-dollar-plus loans, a handful of mostly boutique firms applied for smaller pools of money, SBA data shows. That list includes [Dahab Associates](#), **Clearbrook**, [DeMarche Associates](#), **Innovest** and **Mill Creek Capital Advisors**, all of which applied for a loan between \$350,000 and \$1 million. **Mangham Associates** and **Planpilot** also applied for a PPP loan, ranging from \$150,000 to \$350,000, SBA data shows.

Mill Creek didn't use the loan proceeds and paid back the money in full shortly after it was received, president and CFO **Richard Lunsford** wrote in an email.

"Clearbrook, like many other companies, has been faced with drastic and costly shifts from 'business as usual'," Clearbrook CEO **Elliott Wakefield Wislar** wrote in a statement. "[We] would disclose to our clients that we took a PPP loan in order to continue seamlessly conducting business, which includes maintaining oversight of their portfolios with no downtime."

Emails to representatives from Dahab Associates, DeMarche Associates, Innovest and Mangham Associates went unanswered. Planpilot declined to comment.

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