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The pipeline to the affluent

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JANUARY 12, 2009
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Rich Lay Into Firms About Economy

The wealthy are expressing resentment toward firms and the government about the economy, which has caused many rich baby boomers to delay retirement plans.

See story, page 2

ORAZEM LEAVES CITI FOR FIDELITY

Ed Orazem

Ed Orazem, former director and head of **Citi Family Office**, is joining **Fidelity Family Office Services** as head of the unit. Orazem, who left his New York-based post in late November, replaces **Roger Hobby**, who left Fidelity in July after 10 months to join **Wilmington Trust New England** in Boston (*PAM*, 7/10).

Fidelity was careful in its selection of a new ceo, according to an executive familiar with the search, after Hobby's short tenure. Fidelity FOS currently works with 70 families, with approximately $9 billion in

(continued on page 12)

TWIN FOCUS READIES CHINA LAUNCH

Boston-based multi-family office **Twin Focus Capital Partners** will launch an office in Shenzhen, China, marking its first on-site international presence. The MFO concept in China is in its nascent stages, with most local investors looking only to banks for wealth management, so the firm hopes to capitalize on the appetite for MFO services there.

(continued on page 11)

FIRMS WAVE MFO MONIKER TO LURE CLIENTS

More firms are marketing themselves as multi-family offices to capture the $10 million to $20 million crowd—those too big to be at a brokerage house but not necessarily big enough for a multi-family office, according to **Robert Testa**, analyst with **Cerulli Associates**. He said these firms are looking to lure upper-end clients who are frustrated by private banks and brokerages and demanding more personalized services and platforms.

Testa said ideal clients for brokerage houses have anywhere from $1 million to $5 million in assets, private banks average $5 million to $10 million in assets, and clients at MFOs

(continued on page 11)

BNY MELLON VICE CHAIR MOVES TO FLORIDA

BNY Mellon Wealth Management's **Craig Sutherland** has stepped down from his Boston-based post as vice chairman to run BNY Mellon's wealth operations in Florida. Sutherland was responsible for all sales, client services, and marketing strategies for the wealth management unit, reporting to **David Lamere**, ceo of BNY Mellon. It could not be determined if Sutherland is replacing someone in the Florida post, or who will replace Sutherland. Executives familiar with the situation said the move is not part of a larger reorganization, but more details could not be learned. Sutherland joined **Mellon Private**

(continued on page 12)

At Press Time

Retirement Plans Iced…

HNW Point Blame For Economic Woes

The rich are harboring anger toward their respective financial services firms, as well as Wall Street and the government, with many wealthy baby boomers now delaying retirement, according to a **Spectrem Group** report. The report, *Attitudes of Affluent Investors on Surviving the Economic Crisis*, found that the HNW no longer trust their financial institutions and said they have lost 30-40% of their net worth since last September. **Cathy McBreen**, managing director of Spectrem's consulting and research divisions, said most HNW investors believe the worst is still to come and that the crisis will last anywhere from 22 to 24 months. Of those surveyed, 90% cited the prolonged economic downturn as a major concern, 89% cited the continued drop in financial markets, 55% cited having enough assets to maintain their current lifestyles and 30% cited concerns about business revenues. McBreen said 42% of HNW investors have already made investment changes and 39% are anticipating making changes in the next few months to cash-based investments and equities because of the low price.

Delaying Retirement

The study also found 23% of HNW respondents within five to 10 years of retirement have now changed plans and will retire later. In addition, 28% of baby boomers with $1 million to $5 million in investable assets vowed to do the same. McBreen said the wealthy are looking at extending their retirement for another three to five years. "They're concerned mostly with having enough assets to maintain their lifestyle, and less interested in hedge funds," she said, adding that many have iced plans to buy second homes.

Loss Of Faith

The report also found a shift away from heavy reliance on HNW advisors, with brokerages and banks suffering the largest loss of reputation because they are seen as the main perpetrators of the financial crisis. Of those surveyed, 61% of millionaires view banks negatively, 30% have taken a neutral view and 8% view them positively; while 45% view full service brokers negatively, 49% are neutral and 7% have taken a positive view. The study is based on interviews with focus groups and an online study of 750 millionaires—those with more than $1 million of net worth—in New York, Palm Beach, Fl., Seattle, Los Angeles and Chicago.

Tell Us What You Think

Questions? Comments? Criticisms? Do you have something to say about a story that appeared in *PAM*? Or is there information you'd like to see published? If you have some news to dish out or have a new business strategy or hire you want to crow about, give us a call. Managing Editor **Marianne Nardone** can be reached at 212-224-3610 or mnardone@iinews.com.

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EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

WENDY CONNETT
Executive Editor
(212) 224-3979

MARIANNE NARDONE
Managing Editor
(212) 224-3610

KRISTEN OLIVERI
Reporter
(212) 224-3934

MELISSA KARSH
Associate Reporter
(212) 224-3255

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

KIERON BLACK
Sketch Artist

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MELISSA ENSMINGER, JAMES BAMBARA, DOUGLAS LEE
Associates

JENNY LO
Web Production & Design Director

ADVERTISING AND BUSINESS PUBLISHING

JONATHAN WRIGHT
Publisher
(212) 224-3566

ERIK KOLB
Editor, Business Publishing
(212) 224-3785

PAT BERTUCCI, MAGGIE DIAZ, LANCE KISLING, ADI HALLER
Associate Publishers

BRIAN GOLDMAN
Advertising Production Manager
(212) 224-3216

LESLIE NG
Advertising Coordinator
(212) 224-3212

PUBLISHING

MIKE FERGUS
Publisher
(212) 224-3266

ARCHANA KAPUR
Associate Marketing Manager
(212) 224-3421

LAURA PAGLIARO
Renewals Manager
(212) 224-3896

VINCENT YESENOSKY
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Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8023
Hong Kong: 852 2842 6910
E-mail: customerservice@iinews.com

Editorial Offices: 225 Park Avenue South, New York, NY 10003.
Tel: 1-212-224-3979
Email: mnardone@iinews.com

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Firms & Services

Art Advisory Firm Expands

Ronald Varney

Ronald Varney Fine Art Agents has set up an office in Manhattan, marking its first expansion out of its Bedford, N.Y. hub.

The office will work with private clients on buying and selling art and collectibles, as well as to provide art advisory and oversee estate sales. Varney, founder, told *PAM* he decided to launch a Manhattan office, located at 130 W. 57th street, as part of plans to grow its U.S. and European client base particularly via family offices. The firm works with single and multi-family offices, trust and wealth management firms, law firms and private banks.

Anne Bracegirdle, formerly with **Christie's**, has joined as an associate with the firm, which also advises on rare books, jewelry and furniture. Varney selected the office suite also based on past tenants who had studios in the building, including artists **Childe Hassam** and **Irving Ramsey Wiles**.

Silver Bridge Favoring Equity Markets

Tom Manning

Boston-based wealth management boutique **Silver Bridge** is currently weighting client portfolios more heavily toward domestic equities, as it expects the U.S. to be the first economy to emerge from the downturn. **Tom Manning**, cio, said during a conference call with clients that the firm also recommends taking advantage of depressed prices in the overall equity markets.

Manning and **Michelle Knight**, director of fixed income, said the firm is also focused on short and intermediate maturity bonds, both taxable and tax exempt, which they expect to hold value. The pair also echoed the sentiment that an auto industry bailout and a change to the mark-to-market accounting rules would stimulate the markets and the overall economy.

Silver Bridge, which rebranded from multi-family office **Hale & Dorr** this fall (*PAM*, 10/6), recently launched its conference call initiative as a way to regularly connect with clients about investment strategies.

RBC Snares Citi Team To Tap NRIs

Mark Evans

RBC Wealth Management has tapped the team of **Sumit Sibal**, **Amit Kachawaha**, **Amit Kotha** and **Vikram Anand** from **Citibank International**. The London-based team was brought on to focus solely on non-resident high-net-worth Indian clients.

The team hiring reflects the firm's growth plans to expand its coverage and services for non-resident Indians living in both Europe and Asia, according to **Mark Evans**, head of private banking, British Isles. Evans told *PAM* that it's a main goal for the firm to service HNW families who have international ties to get in on this growing market. Led by Sibal, the team is responsible for delivering investment advisory, discretionary, credit, trust and banking for its HNW clients. Calls to the team were referred to Evans.

RBC WM has approximately C$220 billion in assets under management. Calls to Citi were not returned.

RBC Expands Into Channel Islands

RBC Wealth Management has acquired **Mourant Private Wealth**, a private client trust business based in Jersey in the Channel Islands. The deal is set to close this month, said **Steve Romeril**, head of Trust for RBC WM, British Isles.

Romeril told *PAM* that RBC was especially attracted to Mourant's dedicated focus on the trust business as well as the growing wealth market in the region. The acquisition is expected to add more than C$3.5 billion in assets under management to RBC. "We identified the British Isles as a key market for expansion of RBC's international operations. Combining with the Mourant team allows us to add value to our business, and expand our Trust capabilities and client base," said Romeril. He added that Mourant's private wealth staff will stay on following the acquisition. He declined to comment on the terms of the transaction.

RBC WM British Isles offers trust, tax and investments services, structured solutions, private banking & lending, and global custody. It has roughly 1,500 people on staff with about C$63 billion in assets under management. Calls to Mourant officials were referred to Romeril.

FFI Slates Family Business Seminar

The **Family Firm Institute** will host a two-day seminar on family business advising, which will incorporate all aspects of advising high-net-worth families who run or may be looking to sell their businesses.

Boston-based FFI, a membership and research organization for the family business and family wealth fields, is holding the seminar, *The Essentials: What Family Business Advisors Need to Know*, from April 23-24 at **The Westin O'Hare Hotel** in Chicago. The firm's faculty will use case studies and facilitate discussions on how to integrate behavioral science, as well as law, finance and management science on family business and wealth advising.

The seminar is open to family office executives and high-net-worth advisors with clients who have an operating business, or may be looking to sell or have sold their firms.

Deutsche Bank To Open In St. Moritz

Deutsche Bank Switzerland is slated to open an office in St. Moritz this month to capture the high-net-worth segment there. The office adds to hubs in Zurich, Geneva and Lugano. Those offices also cater to a range of clients throughout Europe, the Middle East, Latin America and Asia. Zurich-based private bank **Rud, Blass & Cie AG Bankgeschaft**, a wholly-owned subsidiary of Deutsche Bank, also works with Swiss private clients.

To further establish itself in St. Mortiz—a tourism capital known for its skiing accommodations and mineral springs—the firm has brought on **Hanspeter Danuser**, a tourism and marketing specialist on the region. Danuser will be charged with introducing potential clients to Deutsche Bank advisors. In addition to Danuser, the new office will be staffed with three relationship managers when it launches January 20. A head has not yet been named.

Advisors Forum To Host Philanthropic Workshop

The Advisors Forum will host a one-day workshop on building a successful charitable practice at the **Harvard Club** in New York. The workshop, *Creating A High-Net-Worth Charitable Practice* and co-sponsored by *Private Wealth* magazine, is slated for January 22 and aimed at HNW financial advisors and senior managers responsible for supporting the philanthropic efforts of their firms.

Agenda topics include understanding the philanthropic wealthy, working with charitable organizations, profiling the philanthropic wealthy and cutting-edge charitable gifting strategies. Slated speakers include **Arthur Bavelas**, chairman of **BavelasGroup**, **Russ Alan Prince** of **Prince & Associates**, **David Leibell**, partner at **Wiggin Dana** and **Vincent D'Addona**, principal at **Strategies for Wealth**.

Advisory Firm Plots Expansion

HighTower Advisors, a newly-formed advisory firm, will be opening several satellite locations all over the U.S. this year. Its headquarters are in Chicago and it has corporate offices in San Francisco and New York. The firm has recruited several advisor teams this year and plans to keep adding. HighTower is the first national advisor-owned fiduciary financial services firm (*PAM*, 12/29).

HighTower helps brokers with set-up technology, legal support, office equipment and space. It also provides accounting, legal and compliance support. HighTower is also offering brokers a 25% piece of equity in the firm. "We are not trying to convince brokers to leave their firms. We just want to be on the short list of places they consider," said **Elliot Weissbluth**, ceo of HighTower. Weissbluth doesn't think there will be a major of rush of bulge bracket advisors going independent but rather a measured shift over time.

Going independent allows brokers to retain their book and revenues without having to worry about handling compliances and administration.

Ingenious Appoints Duo Of Directors

Ingenious Asset Management has appointed **Philip Todd** and **James Oldham** as investment directors. They join from **Taylor Young Investment Management**, where they were responsible for discretionary asset management of private clients, charities, pension funds and trusts. At Ingenious they are responsible for high-net-worth private client and charity portfolios and further developing the firm's discretionary asset management business.

Guy Bowles, ceo, said both appointments will allow the firm to continue its growth in the HNW market amid challenging market conditions. Ingenious is the asset management business of **Ingenious Media**, a media investment and advisory group. It has offices in London and Guernsey, offering discretionary portfolio management services to private individuals and their trusts, pension schemes and charities. It has over GBP600 million in assets under management.

Todd joined Taylor Young in 1998 as director, private clients and charities, and was also a board director, a member of the executive committee and a senior investment manager. Oldham joined Taylor Young in March 2000 as a senior investment manager and an associate director managing the *Taylor Young Growth and Income Fund*. Both were not available for comment. Officials at Taylor Young declined to name their replacements.

Research

Green Investing Remains A Priority

Wealthy business owners are still optimistic about investing in environmental causes during this economic downturn, according to a **SunTrust Bank Private Wealth Management** survey. The survey found that 69% of wealthy business owners said they plan to maintain their current level of giving to environmental causes even if the economic downturn affects their business, and about 46% of those polled said now is a good time to invest in 'green' products.

Alex Null, senior v.p. mutual funds and annuities, said the eco-investing trend has been gaining momentum, and the amount of vehicles that are now available and focused specifically on 'green' investing has started to pick up as well. He added that a lot of wealthy business owners are interested in investing in alternative energy and many wealthy clients are looking to invest in companies that exercise environmentally-friendly practices.

Null also noted that wealthy business owners cited concerns about pollution, energy policy, global warming and the desire to make a positive change in the world. They also cited complying with government laws and regulations and garnering positive attention for the business as the main reasons to invest in 'green' initiatives. Of those polled, 44% said they had an official 'green' policy in place, which includes recycling, energy saving plans and the use of 'green' products.

The study surveyed more than 200 wealthy business owners with at least $10 million in revenues in 2007.

Wealth Management To Emerge Strong This Year

Sean Cunniff

Competition for top level high-net-worth wealth management advisors will gain steam this year based on an increase in clients' need for financial advice following last year's portfolio losses, according to a **TowerGroup** report. Wealth management firms are also poised to emerge from the financial crisis strongly as a result, according to the report titled *2009 Top 10 Business Drives, Strategic Responses, and IT Initiatives in Brokerage Wealth Management*.

Sean Cunniff, research director, brokerage & wealth management, said the reason the wealth management industry will come out on top is that, even though asset levels and revenues are down, there remains a lot of wealth in the U.S. that needs to be managed with skill. Cunniff said another strong indicator of firms' beliefs in their wealth management divisions is that layoffs in this space have been much lower than in investment banking and management units.

Cunniff said the events of 2008 showed the importance of holistic wealth management that goes beyond just portfolio management. "One thing that 2008 has highlighted is that wealth management truly goes well beyond investment management, and the need for advice and planning will continue to grow, so it's not going to be just about how are my investments doing but also it's going to be things like risk management, estate planning, tax management," he said.

Family Office

Abacus Hosts Webinar On Economic Climate

Multi-family office **Abacus Wealth Partners** will host a web-based Town Hall Meeting for clients and intermediaries to discuss how the firm is navigating the current financial crisis and offer advice and strategies.

The Pacific Palisades, Calif-based firm's Abacus Investment Committee will host the webinar in two phases on Jan. 13 and Jan. 21, and will also address questions from clients that have been submitted. These include a comparison about this market to past bear markets and recessions, whether clients should cell certain stocks, the role of diversification, and the global economic markets. The webinar was launched based on client requests.

The Investment Committee will also describe the investment changes that Abacus is making and the rationale behind these decisions, and offer a prediction on how the crisis may unfold during the year.

Grace III To Leave MFO Ashbridge

Charles Grace III will step down from multi-family office **Ashbridge Investment Management** this week.

The Philadelphia-based MFO announced the news via an internal memo. Grace, who joined the MFO in 2000, will remain on its board of directors. It could not be determined why Grace is leaving or where he is headed. Grace, or "C-3" as he is called in the industry, oversaw client relationships as well as new business development.

Grace's grandfather, a prominent Philadelphia industrialist, founded the firm as a single-family office in 1958 to manage wealth derived from the sale of the **Heintz Manufacturing Company**. The family rolled out a full-scale MFO in 1992 to provide standard investment management services as well as philanthropic advisory and tax and estate planning.

Grace did not return calls.

Hedge Fund Roundup

• A Luxembourg-based fund managed by Swiss giant **UBS** committed $1.4 billion to **Bernard Madoff**'s firm. The firm would not comment on the size of the fund called *Luxalpha*. UBS was reportedly looking to absolve itself of any responsibility to safeguard investor assets in *Luxalpha*. "Madoff was not on our recommended list of direct investment options," said spokesman **Christoph Meier.** Still, he said the firm had many wealthy clients, family offices and intermediaries who could ask the bank to create funds of funds of their choice.

• Swiss asset manager **Partners Group** has raised $1.1 billion ahead of its $1 billion target for an Asia-Pacific scheme focusing on primary funds, secondary transactions and direct investments, according to published reports. Investors in the program cover corporate and public pension plans, insurance companies and family offices in the U.K, Europe, the U.S. and Asia. "The anticipated growth in emerging Asia offers compelling opportunities for buyouts and growth investments striving to improve margins and achieve high organic growth rates. Entry multiples have started to lower gradually across the region due to the credit crisis, investments have become cheaper as the currencies have depreciated and small and medium-size enterprises are increasingly opening up to private equity financing as banks have tightened lending standards," said Asia Head **Philipp Gysler**. "Going forward, we see high potential especially in those industries less exposed to global trade and more reliant on domestic, internal demand."

• French private equity firm **Montefiore Investment** has raised EUR120 million in the third closing of its second fund. The *Montefiore Investment II* fund has a hard cap of EUR150 million and is set for a final closing by April 2009. Half of the investors are family offices and the other 50% are European institutional investors, including the **European Investment Fund** and **France Investissement**. The fund, which launched in fall 2007, had its first closing in November 2007 at EUR68 million and the second closing in July 2008 at EUR100 million. The firm, which has EUR250 million equity available via a co-investment scheme, usually invests in French locally-supplied services, including wholesale and retail, hotels and leisure, health and education.

• **Pharma Capital Ventures** has formed collaborative relationships with **Merck** and **Boehringer Ingelheim**. The venture capital firm, which invests exclusively in process-improvement technologies in the biopharmaceutical industry, is raising capital to make the first close for *Pharma Capital Ventures* at $100 million in the first half of 2009. The firm hoped to have its first close in late-2008, but even with expressed interest from endowments, pension plans, other trusts and family offices, the difficult capital-raising environment has delayed the launch process. Co-Founder **Jeff Tarlowe** said its strategic partnerships with Merck and Boehringer Ingelheim are not financial partnerships but symbiotic ones; they will allow Pharma Capital to conduct controlled experiments to test the new technology approach against the previous approach.

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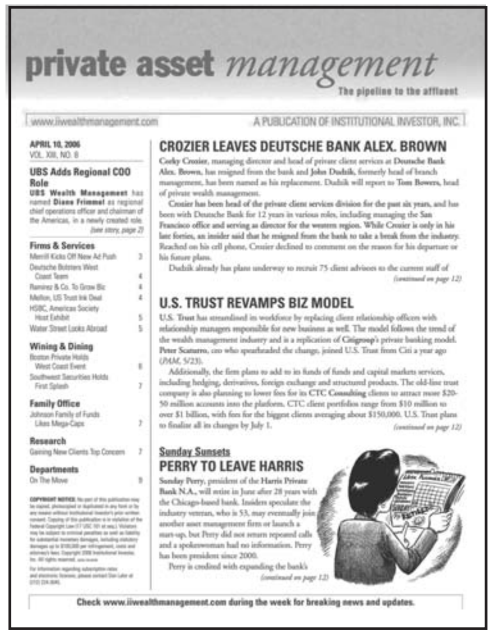
Private Asset Management (PAM) focuses exclusively on marketing investment management, financial and advisory services to the high-net-worth arena. ***PAM*** digs up vital intelligence on all the players in the market including independent investment management firms, private banks, family offices, hedge funds and broker/dealer units that cater to the wealthy.



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UBS Adds Regional COO Role

UBS Wealth Management has named **Diane Frimmel** as regional chief operations officer and chairman of the Americas, in a newly created role.
(see story, page 2)

CROZIER LEAVES DEUTSCHE BANK ALEX. BROWN

Corky Crozier, managing director and head of private client services at **Deutsche Bank Alex. Brown**, has resigned from the bank and **John Dudzik**, formerly head of branch management, has been named as his replacement. Dudzik will report to **Tom Bowers**, head of private wealth management.

Crozier has been head of the private client services division for the past six years, and has been with Deutsche Bank for 12 years in various roles, including managing the San Francisco office and serving as director for the western region. While Crozier is only in his late forties, an insider said that he resigned from the bank to take a break from the industry. Reached on his cell phone, Crozier declined to comment on the reason for his departure or his future plans.

Dudzik already has plans underway to recruit 75 client advisors to the current staff of
(continued on page 12)

U.S. TRUST REVAMPS BIZ MODEL

U.S. Trust has streamlined its workforce by replacing client relationship officers with relationship managers responsible for new business as well. The model follows the trend of the wealth management industry and is a replication of **Citigroup**'s private banking model. **Peter Scaturro**, ceo who spearheaded the change, joined U.S. Trust from Citi a year ago (*PAM*, 5/23).

Additionally, the firm plans to add to its funds of funds and capital markets services, including hedging, derivatives, foreign exchange and structured products. The old-line trust company is also planning to lower fees for its **CTC Consulting** clients to attract more \$20-50 million accounts into the platform. CTC client portfolios range from \$10 million to over \$1 billion, with fees for the biggest clients averaging about \$150,000. U.S. Trust plans to finalize all its changes by July 1.
(continued on page 12)

Sunday Sunsets

PERRY TO LEAVE HARRIS

Sunday Perry, president of the **Harris Private Bank N.A.**, will retire in June after 28 years with the Chicago-based bank. Insiders speculate the industry veteran, who is 53, may eventually join another asset management firm or launch a start-up, but Perry did not return repeated calls and a spokeswoman had no information. Perry has been president since 2000.

Perry is credited with expanding the bank's
(continued on page 12)

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Hedge Fund Update

Beacon Trust Enters Hedge Fund Arena

Wealth management firm **Beacon Trust Company** has entered the hedge fund space by inheriting a quant fund following its recent acquisition of **Clear Asset Management** and will launch a second alternatives fund later this year. **Marc Paley**, president and ceo, said Beacon also plans to seed other alternative strategies over time.

The firm's clients are seeking exposure to hedge funds, said Paley. While he admitted that many investors are cautious right now, the firm is positioning itself to have alternative strategies available when the environment is more favorable. Beacon acquired Clear last month and has rebranded its quant fund as *Beacon Long/Short Investment Partnership*. The firm is beta-testing its second hedge strategy.

Beacon Long/Short has a three-month track record, which is about flat. Volatility has been low thus far, with almost no correlation to the market, said **Andrew Corn**, co-founder of Clear and now cio of Beacon. "If you're going to start you may as well start when the ocean is against you," he quipped, referring to recent market conditions.

Beacon is also working to integrate Clear's five long-only funds, as well as its indices.

Beacon is based in Madison, N.J., but former Clear employees will remain in New York.

On The Move

• **Barclays Wealth** has hired **Steven Fedor** as coo for the Middle East and North African wealth management operations. Dubai-based Fedor joins from **Merrill Lynch** where he held a platform management role.

• **Brian Fitzgerald**, relationship manager who left **U.S. Trust, Bank of America**'s Philadelphia office, has resurfaced in a newly-created role at **Neuberger Berman** in Philadelphia. He declined to comment other than to say he'll be working with high-net-worth clients in a role similar to his former one, which was an investment specialist. Calls to a Neuberger spokeswoman were not returned.

• Multi-family office **Twin Focus** has expanded its Boston-based office, bringing on **Holly Fortier**, a former **Merrill Lynch** investment assistant, who joins as director of client services responsible for organizing operational logistics. **Amber Lanczki**, newly-appointed client service associate, was hired from **Morgan Stanley** where she was a senior registered sales assistant. **Katie McCarron**, newly-appointed accounting manager, was brought on from **Vitale, Caturano** in Boston where she held a similar role.

• **Morgan Stanley** has tapped the **Wood Group** from Merrill Lynch for its Stamford, Conn. office. The group, made up of **Jay Wood, Paul Fitzsimmons, Steve Lazarus** and **Brian Nerreau**, joins with $300 million in AUM. Morgan Stanley also hired **Thomas Kahl** and **Robin Hamilton** from **UBS** for its Naples, Fla. office, who joins with $124 million in AUM. Morgan Stanley brought on **Anthony, Nicholas** and **Rose Bernardo** from Merrill Lynch to its Blue Bell, Penn. office. The team joins with $118 million in AUM. Also joining the Blue Bell office from Merrill are **Howard Moses** and **Charles Pavlov** with $166 million in AUM. Lastly, Morgan tapped **Rachel Cohen** and **Brian Sutcliffe** from Merrill for its Conshohocken, Penn. office, who bring with them $136 million in prior AUM.

• **John Garone**, New York-based relationship manager with **BNY Mellon Wealth Management**, jumped ship to **Wachovia Wealth Management** in New Jersey. He joins as regional director targeting clients with $5-50 million in investable assets, reporting directly to **John Dowd**, head of the northeast region.

• **RBC Wealth Management** has nabbed the **Glah, Heller and Beecher** team from Morgan Stanley in Lancaster, Penn. The team consists of **Harry Glah, Jonathan Heller** and **Shayne Beecher**, who together bring $200 million in AUM.

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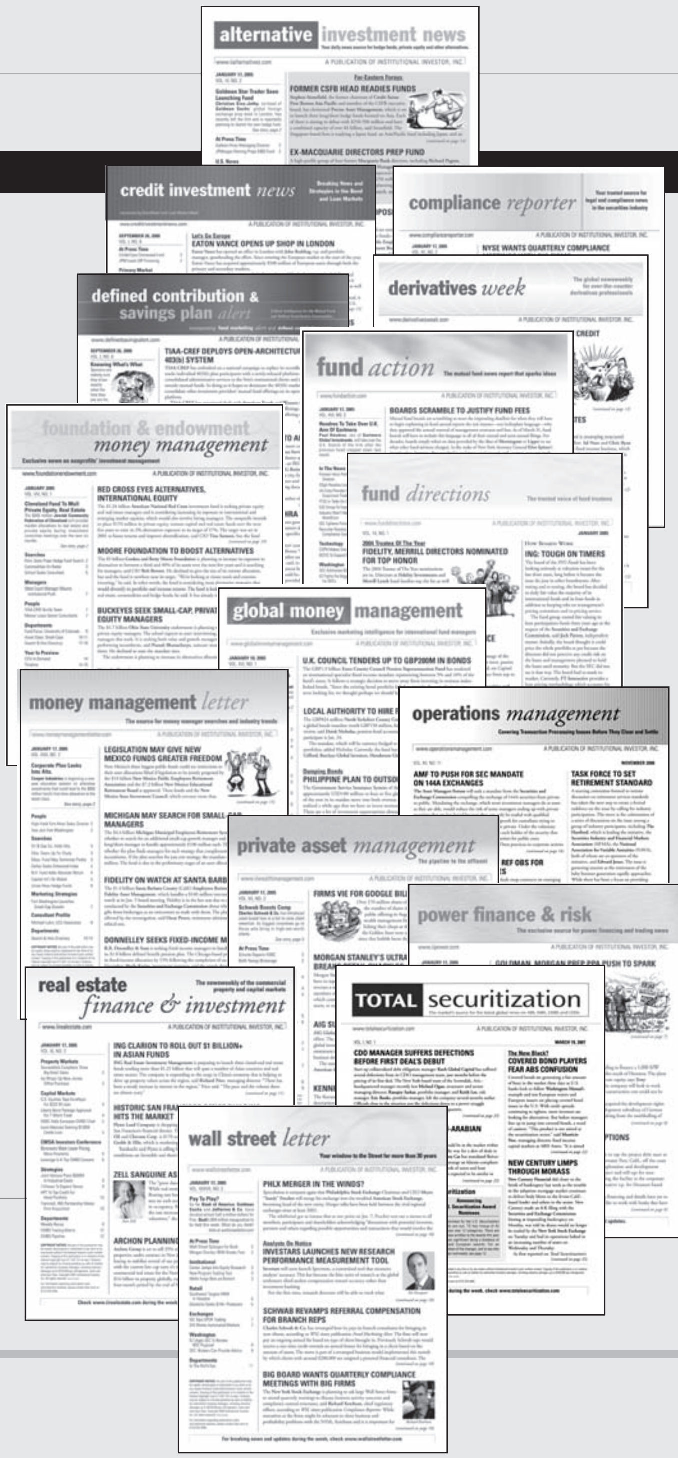

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FIRMS WAVE

(continued from page 1)

average $25 million and up. This leaves the $10 million to $20 million group seeking client-centric, customized services with no product pushing, he said.

Firms catering to this niche as an MFO include Norfolk, Va.-based **Signature Financial Management**, Boston-based **Silver Bridge, BKD Wealth Advisors** and **Bailard. Citigroup,** which serves $25 million and above clients via Citi Family Office, is drawing on resources from its Private Bank and Private Client Services unit to target this segment as well.

Steve Prostano, president of Silver Bridge, said that they consider themselves an MFO, targeting clients with $5 million in investable assets and above. **Susan Colpitts**, founding principal of Signature Financial, said they are a principal-owned MFO. "A family with $20 million in assets really has the same needs as those in the $200 million range in terms of the opportunity to benefit from good tax management, philanthropic and estate planning but it's harder for that size family to get those services," she said. Spokespeople at Citi, BKD and Bailard did not return calls by press time.

A consequence for clients could be that a firm may not offer the full suite of MFO services, which makes it harder to differentiate between true MFOs, said Testa. "It's kind of the bastardization of the MFO. The MFO label is becoming a marketing phrase to attract some of these clients who are a little dissatisfied," he said, adding that RIAs are aggressively attacking this market.

Hannah Shaw Grove, partner at **Prince & Associates**, agreed that there has been more flexibility with the use of the term MFO recently. High-end brokerage teams, high-end banking teams, boutique asset management firms and independent advisory firms have started to adopt the term MFO in their marketing. "It used to be that a MFO was probably a single-family office that began to take on other families, so there was always an anchor family that had about 30% to 50% of assets," said Grove. In contrast, more are launching as businesses that are unaffiliated with an original single-family office. ***—Melissa Karsh***

HNW Market Going Strong

Despite the market downturn, the *Cerulli Quantitative Update: High-Net-Worth and Ultra-High-Net-Worth Markets 2008* survey found that the number of households with net worth greater than $5 million grew in the last year and hold 39% of the nation's overall net worth. Since 1989, the number of households with more than $50 million in net worth has more than quadrupled.

TWIN FOCUS

(continued from page 1)

Hao Chen, a member of the investment team previously based in Boston, has been named director of Asia Pacific to head the new hub, slated to open by March.

Paul Karger, co-cio, told *PAM* that the China office, catering to clients with more than $10 million in investable assets, will initially have two advisors on staff. The firm decided to launch the hub, which will offer the standard suite of MFO services, because of the growing wealth in China and the desire for high-touch services for Asian families through an independent firm. The firm picked Shenzhen because it is a major city for commerce in close proximity to Hong Kong. Karger added that the firm may look to launch a satellite office in Hong Kong further down the road. "We know there are the likes of **Morgan Stanley**, **Merrill Lynch** and **Goldman Sachs** over there, but there aren't too many MFOs that provide this kind of independent model that we strive to deliver to our clients," said Karger, noting that 20% of the firm's existing clients are from Asia, the Middle East and Latin America.

Chen, a Chinese national, was tapped to run the office because of his familiarity with the region. The firm is working in partnership with a local Chinese family prominent in commerce to get the office up and running. "Chen grew up outside of Shanghai, and has spent the last two and a half years with Twin Focus and understands our philosophy. He'll do a great job of explaining to our clients exactly what it is that we do," said Karger. The firm, which serves clients throughout the U.S. with an emphasis on East Coast families, will leverage its boutique culture and independent investment philosophy to draw in new clients, as well as Chen's knowledge of the HNW market in the region. Twin Focus launched in 2006 by Paul and his brother **Wesley Karger,** twins and former co-managers of investment advisory **The Karger Group** at **UBS Financial Services** (*PAM*, 8/24/06). ***—Kristen Oliveri***

BNY MELLON

(continued from page 1)

Wealth Management in 1999, before its 2007 merger with **Bank of New York**, when he was promoted from Eastern national head to vice chairman.

The firm has also let go roughly 10 executives in New York City, Long Island and Westchester from its wealth management division and family office, BNY Mellon Family Office Services. New York executives, including **Jay Goetchius**, head of the Northeast region and **Jose Reynaso**, managing director and head of Long Island, were let go this week. The New York region has roughly 170 private bankers in its 10 New York and Westchester locations.

The cuts are reportedly being made as part cost-cutting. Calls to Sutherland and Goetchius were not returned. Reynaso had left the firm and could not be reached. Calls to Lamere were referred to a BNY spokeswoman who did not return calls by press time.

—K.O.

HEIDI NEDWURTH'S NOTES

New Private Jet Rules Could Slow Down Flighty Heidi

New rules surrounding private aviation may make it hard for Heidi to zip around and plan her last-second vacations, especially since the **Department of Homeland Security** has proposed to extend regulations and security rules such as background checks, item restriction (gasp) and checking passenger names against a watch list.

Even fractional jet ownership companies and wealthy businessmen such as **Paul Allen**, **Microsoft** co-founder and owner of **Boeing** 757, may be affected by the new regulations, despite their previous exemption, according to the *New York Times*. Heidi's never been one to take bad news lying down so she just might join her fellow lush private jet owners in protest at one of the five upcoming meetings scheduled to discuss the proposal.

Heidi had also read that jet owners were increasingly looking to hock their planes in order to cut costs, as well as for publicity and environmental reasons, while other richies are dumping their various high-ticket modes of transportation. Billionaire **Ron Perelman** is looking for a wealthy buyer to take his distinguished yacht, which boasts a hot tub and room for 16, off of his hands for a posh $67 million.

ORAZEM LEAVES

(continued from page 1)

assets, and provides technology and wealth management products plus the roughly $20 billion of family wealth of **Ned Johnson** and his daughter **Abigail** as well as other family members. The firm has for years been testing a family office platform on its current clients, expected to set the standard for family offices and incorporate asset management, custody and reporting services (*PAM*, 12/15/06). Orazem is reportedly expected to focus more on relationship management and new business, and less on growing the research and technology side of FOS.

Orazem, who referred calls to a Fidelity spokesman, will relocate to Boston and start in February. He will report to **Charles Goldman**, president of Fidelity Institutional Platforms, said the spokesman, declining to elaborate on future plans for FOS other than to say it is committed to the technology platform. Orazem, with Citi since 1995, was also integral in developing **Citi Trust**. A Citi spokesman would only confirm Orazem's departure.

—Marianne Nardone

Quote Of The Week

"It's kind of the bastardization of the MFO."—**Robert Testa**, *analyst with* ***Cerulli Associates****, discussing the increase in firms going after the $10 million to $20 million crowd (see story, page 1).*

One Year Ago In Private Asset Management

- **Rockefeller & Co.** launched its first broad-scale marketing push that targeted both its U.S. and international client base and hired its own marketing director to lead the initiative. [The firm expanded its hubs based on new business by doubling its office space in both Washington and Boston (*PAM*, 11/17).]

- **HSBC USA** sold its Wealth & Tax Advisory Services unit, affiliated with **HSBC Private Bank**, to a group of the unit's 69 managing directors.

Five Years Ago

- For the first time in three years, **PNC Advisors** had plans to expand its sales force by about 15% and its banking staff by about 30% by the end of the quarter. [PNC Advisors was voted the second best U.S. regional wealth management bank, following **BB&T Wealth Management**, in a **Luxury Institute** survey of high-net-worth consumers (*PAM*, 5/30).]

- **Kathryn McCarthy**, highly regarded in the family office space, left her position as managing director at **Rockefeller & Co.** but continued to serve the Rockefeller family in other capacities.