

private asset management

The pipeline to the affluent

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Thomson Seen Bouncing Back

Embattled **Todd Thomson**, Citigroup's former chairman and ceo of Global Wealth Management, will likely find another spot, after being removed from his post and replaced by **Sallie Krawcheck**, Citi's cfo and head of strategy.

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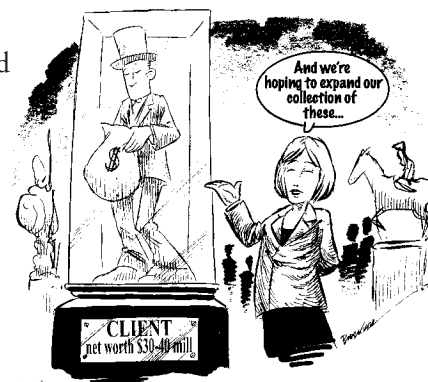
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GUGGENHEIM ON ACQUISITION ROLL

Guggenheim Partners is ramping up its wealth management and family office arm via acquisitions and is considering its first marketing campaign. **Andrew Rosenfield**, managing partner, said the firm is on the hunt for acquisitions in the family office or advisory area—and is ideally looking for firms with clients with a net worth of \$30-40 million and above.

Global Wealth Management, the unit formed last year out of the large diversified financial services firm Guggenheim Partners, recently acquired Klarberg,

(continued on page 10)



CREDIT SUISSE MFO TO OFFER SERVICES VIA PRIVATE BANK

Credit Suisse Private Bank has started offering multi-family office services from its Family Wealth Management group as part of its private banking platform. Services include tax, trust, wealth transfer, investment management and account aggregation of assets wherever they are in custody, said **Paul Simons**, head of client solutions.

The move is part of the firm's focus on its "one-bank model," which incorporates all services under one roof and is part of the private bank's aggressive push into the U.S. and Americas. "We want to integrate the family office offering more broadly to our private banking clients who are dealing with complex family wealth issues as an added resource," Simons explained, noting that Chicago-based FWM caters to multi-generational and ultra-high-net-worth clients.

(continued on page 11)

Mitigating Risk

STRUCTURED PRODUCTS GAIN TRACTION AMONG THE WEALTHY

Sales of structured products that mitigate risk are on the rise among high-net-worth clients, and firms are developing more sophisticated investments to meet the demand. Aging wealthy clients, who want reward and wealth preservation with the least risk, are finding structured products and principal-protected notes particularly attractive.

J.P. Armenio, managing director at Morgan Stanley, said structures now include traditional and non-traditional investments. Armenio said the most high-net-worth interest in structured products has traditionally come from Europe and Asia with Latin America closely following. Because of the aging wealthy baby boomer generation, U.S. interest is now

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Check www.iwealthmanagement.com during the week for breaking news and updates.



At Press Time Thomson Could Land On His Feet

Former colleagues of **Todd Thomson**, ousted chairman and ceo of Global Wealth Management at **Citigroup**, predict that he will likely rebound and find a new post despite the negative press. Thomson, whose position was filled by Citi's cfo and former head of strategy **Sallie Krawcheck**, was reportedly let go by ceo **Charles Prince** for his lavish spending habits and excessively appointed office, among other reasons.

Those who have worked with him said Thomson's fall is a reflection of spending habits and not work performance—and insiders view his departure also as a way for Prince to relocate Krawcheck conveniently within the bank. The news took everyone by surprise at Citi. Thomson's severance and the future of the "Todd Mahal" fish tank and word-burning stove could not be determined.

Thomson and Krawcheck swapped jobs less than three years ago, so bankers have somewhat of a future roadmap. During his tenure, Thomson was credited with pulling all HNW units under one umbrella and delivering strong GWM results. Indeed, his firm was named *PAM's* 2006 High-Net-Worth Leader of the Year. Calls to Thomson and Krawcheck were referred to a firm spokeswoman who did not return calls.

Former Trust Exec Heads to UBS

Michael Roberts, former regional head of personal trust at **Wachovia**, has joined UBS Wealth Management as head of trust services in its new Wilmington, Del. Trust office. Roberts will target clients with more than \$2 million in investable assets and the team plans to leverage Delaware's favorable trust environment to attract business. This includes foreign clients with U.S. beneficiaries who may want to establish trusts in Delaware to avoid unfavorable inheritance rules in their own countries, or wealthy clients interested in setting up dynasty trusts.

UBS, which launched the Delaware office last month, plans to go after this demographic by increasing local trust presence with up to 13 new offices and printing a half-page ad in **Trust and Estates Magazine** in February. Roberts, who reports to **Kevin Ruth**, head of wealth planning, said UBS Trust Services plans to open more regional trust offices in Atlanta, South Florida, Washington, Boston, San Francisco, Los Angeles, and other cities.

At Wachovia, Roberts was replaced by **Thomas Joyce**, former managing director of personal trust. Joyce is based in Jacksonville, Fla. and is responsible for Wachovia's trust business in Texas, Ga., Ala. and Fla. UBS Trust comprises UBS Trust Company, UBS Fiduciary Trust Company, and Designated Trustee Services. Both the personal and corporate trust businesses are housed in the Wilmington office.

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

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Firms & Services

Schwab Provides Backing To Indie Brokers

Schwab Institutional, picking up on the trend of high-net-worth brokers leaving large firms to practice independently, is providing start-up loans and real estate and insurance assistance for independent brokers. Commercial loans, along with other major start-up costs such as real estate and insurance, are part of Schwab's effort to win top-producing advisors away from firms and ease the transition burden.

"This is a huge trend in the industry," said **Barnaby Grist**, managing director of strategic business development for Schwab Institutional. Advisors are getting more aggressive about owning client relationships and are also seeing that capabilities and platforms outside wirehouses are sometimes better than at large firms (*PAM*, 1/15). The company, which began its loan program this month, said the loan would not compromise an advisor's independence as it is not tied to pushing Schwab's products, Grist said.

In the last year, Schwab has also been developing and growing a team of transition consultants who are responsible for helping transitioning advisors with their move to independent practice.

"The independent sector focuses and targets high-net-worth clients, and they're winning clients away from the larger firms," said **Philip Palaveev**, senior manager in charge of market research at **Moss Adams**.

BlackRock's Doll Predicts Tax Squeeze On Rich

The wealthy should pay attention to changing tax legislation that may result in higher taxes for the rich, according to **Bob Doll**, cio of global equities at **BlackRock**. Speaking at the annual "Ten Predictions" press briefing in Manhattan recently where Doll annually unveils his thoughts on the financial markets and economy, he noticeably left out any official comment on alternative investments—a typically emphasized sector among his peers.

Doll told *PAM* that "alternatives are all over the place, but it's a good idea for high-net-worth investors to include some in their portfolios." He noted that since HNWI investors are typically more sophisticated, a small amount of alternatives in a portfolio could work out well. Doll emphasized that wealthy investors should pay attention to

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Firms & Services (cont'd)

upcoming tax legislation that will likely result in higher taxes. He believes U.S. populist politics will experience a renaissance this year, and predicts that there will be higher taxes for upper income earners particularly on dividends and capital gains.

While six and a half of Doll's 10 predictions came through last year, Doll's political prediction that Republicans would retain control of Congress fell short of the mark. In line with his peers, Doll is optimistic about emerging markets, particularly concerning Brazil. He favors the country because he believes it will benefit from a favorable combination of declining inflation rates, reasonably strong earnings growth, and decent valuations. This will be particularly true if the U.S. dollar continues to weaken. Doll also predicts that the U.S. yield curve will turn modestly positive, as short rates fall and long rates rise. "We're not out of the inflation woods," Doll added.

Morgan Stanley Targets Latin American Wealth

Morgan Stanley Private Wealth Management continues to grow its Miami office, which serves ultra-high-net-worth Latin American clients with \$20 million or more in investable assets. The company has hired a Lehman Brothers team, including executive directors **Bernardo Acebal** and **Sergio Mariscal**, vice president **Leo Roche** and sales assistant **Marcelo Bestard**. The team brings over \$1.2 billion in assets under management, according to a spokeswoman, and report to **Ernesto de la Fe**, managing director and head of Latin America.

De la Fe, who joined the company from Lehman and opened the Miami office in August, again returned to his old stomping ground for new hires – eight former Lehman employees made the same move just over a month ago (*PAM*, 12/4). After the Lehman team joined in mid-January, another team of 10 advisors with \$3 billion in combined AUM left **Goldman Sachs** to join the Latin American expansion effort. Executive directors **Diego de Lope Friedeberg**, **Angel Munoz Bonilla** and **Jaime Sanchez Yarza** will be based in Miami along with v.p.s **Ana Leighton**, **Carlos Angel** and **Adilia Lugo**.

Also from Goldman, managing director **Jose Sarrado**, executive director **Miguel Zorilla**, and support staff **Ana Santillan** and **Sandra Mullens** will further develop the firm's growing Swiss private banking team in Geneva. The team,

PWM's largest hire abroad, is expected to be up and running this April. **Donald Herrema**, head of PWM, and **James Gorman**, president of Global Wealth Management, have both publicly stated plans for broad expansion and exposure to the Latin American market. Neither Herrema, De la Fe nor the new hires could be reached for comment. A Lehman spokesman declined to comment, and a Goldman spokeswoman did not return calls.

Bessemer Signs On L.A. Head

Bessemer Trust has brought on board **Mark Lipson** to head its Los Angeles hub as senior resident officer. Lipson, who replaces **Peter Zarifes** in the post, most recently was in charge of the Western region for U.S. Trust. Zarifes will continue to serve with Bessemer Trust.

Lipson joins the old-line trust company as part of its aggressive push in the West Coast, and plans to add satellite offices to its existing Los Angeles and San Francisco hubs (*PAM*, 12/15). Lipson, who reports to head of the West Coast region **George Wilcox**, is in charge of the office and, unlike Zarifes, has no responsibility for business development efforts. Lipson, who left U.S. Trust approximately six months ago as head of the firm's West Coast region, previously served as an executive v.p. with **Charles Schwab & Co.**

It could not be determined what Zarifes' responsibilities are and whether he will be reassigned to a new office. Lipson and Wilcox were traveling and could not be reached and calls to Zarifes were not returned. Bessemer has approximately \$46 billion in assets.

HNW Eye Opportunistic Investments

As interest in all types of alternative investments continues to climb, private equity real estate value-added funds are offering an attractive return for the ultra-high-net-worth, according to **Jay Jarrett**, senior v.p. at **New Boston Fund**. Jarrett has seen an uptick in international real estate from the wealthy, noting that clients allocate 15-20% of their portfolio to alternative investments with as much as 10-15% of that in real estate. The 7-10 year lock-up of private equity real estate funds makes these more attractive for clients with over \$20 million, while those with \$5 million and below who desire more accessible assets are better served by public

real estate investment trusts.

Jarrett said many investors feel that REITs are over-valued right now, and clients are finding international real estate investments a better option as part of their overall portfolio allocation. The ultra-high-net-worth with over \$100 million are also allocating more portfolio space to private equity international real estate, and are focused on India and China along with Central Europe and Japan.

The company believes interest in both international and domestic real estate will continue to grow specifically in the opportunistic space. New Boston fund manages \$1 billion in equity throughout seven private equity real estate funds. The smallest client has \$10 million in total net worth, and the largest has \$5 billion in total net worth.

Fisher Advises To Buck Investment Stereotypes

Ken Fisher, ceo of Fisher Investments, recommends challenging stereotypes in wealth management and rejecting common theories that have not proven to be true. As an example, Fisher points to the 60-40 asset allocation model used for a person approaching retirement—which suggests investing 60% in

stocks and the remainder in bonds for wealth preservation. He noted this theory has not panned out to be better than placing 95% of a portfolio in stock recently.

Fisher said financial advisors should approach investing like a science instead of a craft, and attack financial theories in a scientific way. “Much of this is behavioral psychology that has become consistent with our belief set, but it can become a myth that feels like a reality,” Fisher said. Despite a renegade investing philosophy, Fisher said he thinks family offices should be cautious about overseas investing and have only a small portion allocated abroad (*PAM*, 3/13).

Fisher debunks other common investing principles in his book, *The Only Three Questions That Count*, released this month. In addition to advice on capital markets technology and how to reverse years of thinking, the book includes a chapter on “The six life lessons of Gertrude Stein and how they can make you a better investor.” Fisher said Stein, one of the first women admitted to **The Johns Hopkins School of Medicine**, dropped out while ranked top of her class to pursue a writing career in France. He uses this as an example of moving out of the market too early, often out of fear that an investment may falter and lose value.



Ken Fisher

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Firms & Services (cont'd)

Former UBS Exec Sets Up Search Firm Arm



Peter Stanton

Peter Stanton, formerly senior v.p. and director of banking strategy at UBS Wealth Management, has joined Manhattan-based search firm Glocap Search to launch its wealth management division. Stanton said he will bring his 25-year background in U.S. and international wealth management to the post, and will

mine contacts to focus on the full range of banking, lending, investments and planning.

Stanton, who joins as managing director, said his background in both commercial and investment banking will also assist in the current trend in wealth management toward an integrated, one-stop-shop. "If you look at the traditional securities firms, more than ever they're thinking 'I need to expand into banking and lending' and the regionals are saying 'I need to move more into the investment space,'" Stanton said. He reports to Adam Zioa, managing partner with Glocap.

Stanton plans to add more to his team, likely from within the industry, to place all levels of wealth management. At UBS, Stanton was responsible for the integration of the banking and lending services into the firm's holistic platform. Glocap also focuses on alternative asset, investment banking and the management consulting industries.

Match.com For Capital Introductions Online Service Hooks Up Hedge Funds, Investors

Hedge Connection, an online service which connects potential investors with hedge fund managers, cuts down the time that family offices and wealth management firms spend on searching out investment opportunities. The New York-based firm allows managers to post fund information and the investor types they are seeking, and also invites qualified investors to in turn search the site.

Andrew Saunders, v.p. with Hedge Connection, carefully screens investors to ensure they plan to invest a sizeable amount and are qualified. Investors may join for free, and hedge fund managers are given two membership options to the password-protected site, with fees ranging from \$5,000-9,500 per year. "We're very selective with our high-net-worth clients. We deny applications for about 85% of them," Saunders said.

The firm works to provide a direct marketing approach on

both sides, as hedge funds are more varied and plentiful than ever and it is harder for both sides to find a match. "When you go to family office events or conferences, you don't know who the investors are in the room or what they are looking for," Saunders said. While the online search service is the big lure, the firm provides regular "Meet the Manager" conferences where members can hear more about individual funds. These are also video taped and can be viewed by members. The firm has 600 investor members spanning 35 different countries, and markets itself via referrals and intermediaries including prime brokers and multi-family office organizations.

Shaking The Tree Unveils Newest Production



Shaking The Tree

Shaking The Tree, a foundation that uses theater to evoke discussions between high-net-worth families and advisors on various wealth management issues, has recorded a new *Living Case*

Study theater production and made it available on DVD. The firm, which caters to private banks, family offices, membership organization and wealth management firms, writes, directs, and produces plays depicting families facing the positive and negatives associated with gifting and inheriting a sizable fortune, said Maryann Fernandez, president.

The firm unveiled its most recent production, *The Big Payday*, at its Manhattan offices which features a Southern patriarch who built his fortune in the zipper manufacturing industry and decides to sell the business. Instead of leaving the fortune to his trio of children who each have different ambitions but are nonetheless expecting the family windfall to be transferred, he and his wife give them a modest portion and announce that they plan to build a home for disabled children.

The cacophony that ensues on stage, which kicks off in contrast with "The Best Is Yet To Come" playing softly and jovially in the background, opens up the floor for a discussion between members and their advisors on how to handle often uncomfortable issues. "This addresses family issues in a way that is not just a person speaking on a podium," Fernandez said. A

facilitator, who acts as a quasi-financial advisor, addresses the actors afterwards with questions.

The shows feature professional actors and are shot in a Chicago theatre. The firm is supported through industry partnerships and has received a grant from **U.S. Trust**. Before forming *Shaking The Tree* and stepping in full-time to run it last year, Fernandez was v.p. of family education services with **Harris Private Bank** in Chicago.

Chubb Links With CHH For Continuing Ed

The **Chubb Group of Companies** and regional insurance firm **Cooke, Hall and Hyde** have linked up to launch a continuing education program to school high-net-worth financial advisors and wealth planners on professional liability regarding property and casualty insurance coverage. The credit-approved program will educate advisors on how best to integrate property and casualty planning into the wealth management process to better protect clients and themselves. "Many wealth managers recognize it's an issue, but it's typically outside their area of expertise," said **James Fiske**, v.p. at Chubb.

According to **Tim O'Brien**, director of private client services

at CHH, more high-net-worth clients are moving their priciest home or homes into a trust or LLC to better protect their assets from lawsuits, and to ease the burden on those who will inherit the property. A problem arises after the transfer, when clients and financial advisors alike do not realize that the original personal insurance contract covering the property does not always apply to corporate entities or trusts, thus leaving gaping holes in liability coverage.

Fiske said the course is part of an ongoing effort to integrate personal risk management into wealth management. O'Brien and his firm sought to work with Chubb for its recognized brand name and connection with the affluent marketplace. O'Brien noted that financial planners often bristle when they hear that personal property and casualty planning are often overlooked and need to be better integrated, and attributes this to a general reluctance to hear that a liability exposure has been neglected. "Once they realize the types of risks they don't know how to counsel their clients on, they're thanking us," said Fiske.

The course was developed over the last year by O'Brien and **Eric Pruss**, senior v.p. of **Chubb & Son**. The two-hour educational sessions will be held either at CHH's Melville, N.Y. office or at client hubs.



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Wining & Dining

The wealth management industry's soft marketing and client retention activities.

Wachovia Takes Clients To Antiques Show

Wachovia Wealth Management recently hosted an invitation-only event at the Seventh Regiment Armory in New York City. The event, held in conjunction with the firm's sponsorship of the **Museum of Early Southern Decorative Arts (MESDA)** at the *2007 Winter Antiques Show*, brought together approximately 300 attendees—clients, prospects, intermediaries and firm professionals.

The firm wanted to provide its tri-state area clients and centers of influence with a unique opportunity.



Winter Antiques Show

"We know that art plays a significant role in the lives and investments of many of our clients," said **Stan Kelly**, president of Wachovia WM, noting the firm's roots in the South, which is home for Winston-Salem-based MESDA. Guests received top-notch treatment during the three-hour cocktail reception, and the evening was topped off with private viewings of the antiques show and MESDA exhibit.

Kelly welcomed guests and made a speech on the importance of art as an investment. Other firm execs mingled with attendees including **Joe Giglia**, regional director for Manhattan, and **King McGlaughon**, managing executive for the National Philanthropic Practice.

Research

Rich Look For Trust In Salespeople

High-net-worth consumers look for decorum, courtesy, politeness and a trust-based relationship in a salesperson. According to recent report by the **Luxury Institute**, those who think persistence, charm and wit will open the wallets of the wealthy are sorely mistaken. The best salespeople establish a long-term relationship with wealthy clients and remain the point person for the sale once the deal is sealed.

This trend parallels the broader market's shift away from individual account managers to overall wealth managers, as the rich want a one-stop-shop based on personal relationships and trust, said **Milton Pedraza**, ceo of the Luxury Institute. In an open-ended inquiry as to what companies best meet the needs of wealthy consumers, 6 out of the top 10 were car companies. **Lexus** was the top ranking brand, cited for the exceptional product knowledge, politeness and courtesy of the sales staff.

This marks a major change from previous assumptions about automobile brands, the report noted. "Autos used to be at the bottom of the pile," Pedraza said. "Nobody wanted to deal with car salesmen. They've come a long way." He attributed this success to better training, and added that many salespeople are too focused on the sale as opposed to developing a customer. "One of the things that are missing [from other companies] is fundamental training on how to deal with people," he said.

Another misconception about wealthy consumers is that persistence and wit will lure them in, Pedraza said. On the

contrary, salespeople who were good listeners ranked highly on the list. Other top-ranking companies include **Nordstrom, BMW, Mercedes, Tiffany, Neiman Marcus, Cadillac, Acura, Four Seasons, and Infiniti**. The survey, the first by the Institute on preferred salesperson attributes, sampled more than 1,000 individuals with a median-net-worth of \$1.5 million.

Survey Finds HNW Want Lots Of Attention



Chris Parisi

High-net-worth clients want to hear from their financial advisors on a regular basis, and look for responsiveness to their holistic needs in addition to standard investment attributes. According to a survey sponsored by **New York Life Investment Management's MainStay Investments**, 80% of HNW like to hear from advisors often, and 85% of respondents suggest dumping an advisor if they are not responsive to specific concerns like elder care or setting up college plans.

"People want a more personalized investment approach, and investors gripe about the old cookie-cutter approach," said **Chris Parisi**, managing director with MainStay. "High-net-worth clients are looking for an advisor to hold their hands and that's a change from the traditional consultative style." To capture this holistic trend, MainStay, an arm of

NYLIM, offers a “Life-Folio” legacy plan which gathers all client needs in addition to investments to provide a full wealth management package.

The study, coined *Across Generations 2006* which polled clients between 27 and 83 years old, also found a successful advisor is trustworthy, offers meaningful advice that leads to above average returns and has usually been tapped via a recommendation from a friend, family member or colleague, Parisi said. The survey also found that roughly 70% of consumers who do not currently have a financial advisor would consider one if they received a large windfall, like a sizeable corporate bonus. The study polled 1,512 individuals with investable assets of \$300,000. MainStay has \$20 billion in assets under management.

Millionaires Not Prepared For Retirement

More than half of millionaire households with more than \$1 million in investable assets plan to retire over the next ten years, but remain largely unprepared for this step. According to a recent study by **Phoenix Marketing International**, wealthy households will need help with retirement planning issues which presents banks with an opportunity to grab a bigger share of clients’ wallets.

“It is surprising to see households with large portfolios not holding a formal retirement plan,” said **David Thompson**, v.p. of the Affluence Practice. Thompson underscored this segment’s assumption that their currently strong portfolios will continue into retirement. Approximately one-quarter of the millionaires surveyed have never met with an advisor for their retirement planning needs, and of this segment two-thirds believe they do not need any advice.

In addition, the report found 13% said they have not gotten around it, and 10% cited retirement as being too far away. Additionally, a mere 27% of pre-retiree millionaire households are confident about the amount of money they

will need in retirement, and less than a third are confident with their knowledge of how to calculate their retirement income (31%) or being ready for retirement financially (31%). “This gives high-net-worth financial advisors the opportunity to sit down with their clients and address their full array of needs besides retirement planning,” Thompson said. The study also found that one-third of millionaire households fully retired as of the end of 2006 and 52% expect to be fully retired over the next decade.

Family Office

Family Office Eyes Expansion



Don Brown

Orlando-based firm Family Office is planning to grow its five-person team as business progresses and open up new offices in the Sunshine state. “Florida is among the best markets in the country,” said **Don Brown**, founder of the multi-family office, pointing to the large concentration of retirees in the region coupled with the friendly state income tax legislation in Florida.

Brown, who founded the firm 20 years ago when MFOs were nearly unheard of, said the firm plans to eventually establish administrative centers with law and accounting firms in Florida and provide them with a family office platform for their practice and client base.

The firm is focusing on its totally-open architecture model to build business, and will rely on word-of-mouth and intermediaries. It uses third-party managers for all investments and caters to clients with \$5 to \$50 million in investable assets and taps custodian and broker-dealer platforms ranging from smaller, regional shops to national firms. Family Office, with over \$220 million in assets under administration, also has a satellite office in Mt. Dora, Fla.

On The Move



- **HSBC Wealth and Tax Advisory Services** has signed on **John Woodhull**, formerly head of the tax exempt practice for **KPMG** in Chicago, as a director along with five associates joining the Chicago tax team. Woodhull is in charge of tax exempt clients throughout the Midwest region. He reports to **Joe Karczewski**, office managing director. The five associates, joining from large accounting firms, are **Robert Nanney**, **Kevin Whittingham**, **Itoji Kawasaki-Combs**, **Mona Tousi** and **Jeff Anderson**. The additions are part of the firm’s expansion plans to hire professionals with tax, consulting and

valuation expertise throughout the country in hubs where it has as a presence (*PAM*, 6/30).

- **Daylight Forensic & Advisory**, a fraud risk management firm, has opened a Miami office and hired **Maria Yip** as executive director. The firm’s third office will serve clients in the Southeast, Latin America and the Caribbean. Yip, who reports to ceo **Ellen Zimiles**, was previously a partner with a Florida-based global accounting firm overseeing its forensic practice. The Manhattan-based firm also hired **Daniel Gill**, a retired **FBI** Special Agent, as managing director in its Washington, DC office.

GUGGENHEIM ON

(continued from page 1)

Raiola & Associates—a Manhattan-based tax advisory firm with 600 high-net-worth clients mainly in the sports and entertainment arena.

The firm also acquired Philadelphia-based **The Private Family Office**, a nearly 100-year old multi-family office. Rosenfield declined to say what the firm has spent so far or how much more it plans to spend on acquisitions. Both acquisitions closed in November.

The original Guggenheim family office dates back more than a century and built Guggenheim Partners. GWM will leverage the family name and have a blend of traditional investments, with cutting edge offerings including real estate, hedge fund and even aviation-backed funds. The firm is fully open architecture, although Rosenfield added that he is not a fan of funds-of-funds. "It's extremely rare that this is the correct solution for the individual investor, and it's double the fees and has a mutual fund-like structure," he said.

The GWM has been acquiring clients via word-of-mouth, Rosenfield said a potential marketing campaign is in the early stages. "We're a young organization and our goal isn't to grow quick but to grow carefully in both the regional

segment and internationally," he said, declining to provide the firm's current assets under management. Rosenfield said he has no reservations about managing money for very high-profile clients, and continues to seek out more in this and other niches in the U.S., Asia, Europe and Latin America. GWM is based in Chicago and has a large Manhattan presence.

—*Marianne Nardone*

STRUCTURED PRODUCTS

(continued from page 1)

closing the gap. **Keith Styrcula**, chairman and founder of the **Structured Products Association**, said that among the \$68 billion of new structured products issued last year, 30% went to the high-net-worth.

As a result of the increased interest, firms are rolling out new marketing brochures to educate clients and customize investments. **Louis Chiavacci**, s.v.p. of investments at **Merrill Lynch**, said these products can provide access to a mix of asset classes to meet the needs of families in the range of \$200-300 million total net worth. Products include principal protected notes, partially protected notes, access products—which use structured product technology to gain exposure to hard-to-access markets—and yield enhancement

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securities as popular investments.

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—*Carrie Thorson*

CREDIT SUISSE

(continued from page 1)

Simons declined to provide assets, minimum relationships or headcount for the unit.

The firm's stand-alone MFO, developed out of the bank's 2001 purchase of MFO **Frye-Louis Capital Management**, was renamed Family Wealth Management last year.

Frye-Louis, the original family office of descendants of S.C. **Johnson** and major shareholders of the S.C. **Johnson Wax** companies, specializes in financial and investment management for the ultra-rich with investments of more than \$30 million. The firm is phasing out the Frye-Louis ownership and lured **William Woodson**, a former senior partner in charge of ultra-high-net-worth clients at **Merrill Lynch**, as head of FWM earlier this month. He replaces **Peter Frye**, a former owner, who will continue to serve as senior advisor with FWM.

—*Madalina Obogeanu*

that, he served as chairman of the **Merrill Lynch Trust Company**. [Chambers became a board director of newly-launched **Coral Gables Trust Co.** four years ago, where he also was behind the venture (*PAM*, 6/23/03).]

- **Barry Sloane**, former head of **Credit Suisse Private Banking** North America and Southeast U.S. region head of **Citigroup Private Bank**, joined independent investment boutique **Steinberg Priest Capital Management**. Sloane was joining former colleague **William Priest**, co-head of **Steinberg Priest Capital Management**. [Sloane left **Steinberg Priest & Sloane Capital Management** two years later to work at his family's business, **Century Bank** (*PAM*, 3/19/04), which launched a high-net-worth effort and inked an alliance with **BlackRock Advisors** for its initial investment offering (*PAM*, 3/25/05).]

Postscript

High Season At Four Seasons

Manhattan Landmark Serves Up Pricey Potato

If you have a jones for white truffle shavings before the season draws to a close, kick by Manhattan's

Four Seasons Restaurant

which is currently offering the most expensive baked potato in town. For \$200, head chef **Christian Albin** has created a masterpiece that sprinkles thin white truffle shavings over the

pedestrian side-dish. This isn't your Irish mother's baked potato, mind you. The ritzy restaurant has been selling eight pounds of the delicacy a week, totaling roughly \$5,000 in potato sales alone.

The restaurant prides itself on un-rooting only the finest truffles from their native Italian countryside, uncovered by the most intrepid pigs and dogs in the land. The swanky spud is only served until the end of the month, in line with its November-January window. So those who want to indulge in the treat should point their **Gucci** loafers in the direction of the Midtown landmark to feast fast on the carbolicious creation. According to the Web site **Pocket Change**, you will be in good company as **Ralph Lauren** was spotted munching on the souped-up root recently.

For patrons who aren't on board with the potato and want to go straight for the gusto, Albin will sprinkle the truffle shavings over fettuccini or risotto for a main course treat.



Quote Of The Week

"Nobody wanted to deal with car salesmen. They've come a long way."—**Milton Pedraza**, ceo of the **Luxury Institute**, discussing auto salesmen taking the top spot in a survey on what companies best meet the needs of the wealthy (see story, page 8).

One Year Ago In Private Asset Management

- **ING Group** launched its first U.S. private banking division in Manhattan, and named **Jorge Suarez-Velez** as ceo to run the Private Wealth Management unit.
- **JP Morgan** was prepping to launch a private banking unit in Japan and had relocated **Martyn Goossen**, managing director at Singapore, to spearhead the effort.

Five Years Ago

- **David Chambers**, head of wealth management at **The Bryn Mawr Trust Company**, left the firm just seven months after joining the firm. Chambers came to Bryn Mawr from **Bessemer Trust**, where he served as coo for just under a year, and prior to

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