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Out of 636 U.S. Small Blend Funds. 3- and 5-yr ratings 4 stars out of 636 and 565 funds respectively.

★★★★★ NWJFX
NATIONWIDE ZIEGLER NYSE ARCA TECH 100 INDEX FUND
Out of 196 U.S. Technology Funds. 3-yr rating 3 stars and 5-yr rating 4 stars out of 196 and 195 funds respectively.

★★★★★ NWHNX
NATIONWIDE BAILARD INTERNATIONAL EQUITIES FUND
Out of 684 U.S. Foreign Large Blend Funds. 3- and 5-yr ratings 4 stars out of 684 and 595 funds respectively.

★★★★★ MUIBX
NATIONWIDE BOND FUND
Out of 636 U.S. Small Blend Funds. 3- and 5-yr ratings 4 stars out of 636 and 565 funds respectively.

★★★★★ NWGSX
NATIONWIDE HIGHMARK SMALL CAP CORE FUND
Out of 636 U.S. Small Blend Funds. 3- and 5-yr ratings 4 stars out of 636 and 565 funds respectively.

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“I think when you transcend just a business relationship, clients can feel that,” says Morgan Stanley’s John Perry.

Cover photo and photo left by Jonathan Robert Willis

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STREET SCENE

8
Leaving Merrill Wasn’t Easy
A $3 billion advisor leaves the wirehouse after 33 years because Bank of America was becoming “less flexible.”
By Andrew Welsch

PORTFOLIO

24
Smart Tax Plays for January
Advisors can help clients optimize their tax health for the new year.
By Robert Gordon

PRACTICE

28
Appraising Art Investments
Advisors can help clients make informed decisions and avoid speculation when buying art.
By Miriam Rozen

32
Life Stories
How a lesson in perseverance helped an advisor transition from a career in geology to a career in financial services.
By Andrew Shilling

IN EVERY ISSUE

Editor’s Letter 6
onwallstreet.com 7
Global Asset Allocation Tracker 26
Elite clients demand an Elite financial planner. Are you an elite financial planner?

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ONE FIRM AGAIN DOMINATES ON WALL STREET’S TOP 40 UNDER 40: Morgan Stanley.

The wirehouse returned to this year’s rankings with 14 advisors, matching its total from the last rankings, although not with all the same names. Read our story about the latest list to see how Morgan’s advisors stack up against the elite from other firms. Annual production figures determine the order of the rankings, based on nominations submitted to us. To make your own tale of the tape, you can compare the latest rankings against last year’s. Visit http://bit.ly/1lfxSbt.

Industry insiders credit placement in the rankings on training and recruitment. “Morgan has a good program for getting young people in,” says recruiter Michael King. “And they make the most effort to get young people for whom wealth management is a second career.”

Advisors on the rankings say that they make the cut because of their commitment to clients. “I think when you transcend just a business relationship, clients can feel that,” says John Perry, this year’s No. 1.

Morgan advisor Jack Wong, who is this year’s No. 10 and was previously manager of a bank’s retail branch when he was only 18, gives credit to teamwork as well. “One of the things that I would say really separates us is the customer-service standpoint. Every team member knows our clients,” he says.

Among the other firms in the latest rankings, Merrill Lynch shows up with 12 advisors, the second-highest number after Morgan, followed by UBS with eight. Credit Suisse has dropped from the list, but that may be because the firm is retreating from managing wealth for U.S. clients.

Wells Fargo made a deal with Credit Suisse to recruit its elite U.S.-based advisors. But, so far, many have gone to other competitors. (See our story about one of those moves, on page 9.) For example, Josef Najar, who was No. 39 as a Credit Suisse advisor in the last rankings, now shows up as No. 22, working for Morgan Stanley.

Raymond James has 14 advisors on an expanded Top 25 Regional Advisors Under 40, the most on those rankings. But it’s RBC that tops the list with Christopher Vollmer, this year’s No. 1 regional advisor. Nicholas Anger, this year’s No. 3, says his team takes client service to the next level, even if it means going far beyond the scope of wealth management.

“We’ve advised on choosing a college for a client’s child,” he says. “And we’ve sent someone to a client’s home to help with computer issues. One client even called us when her car broke down.”

Talk to us: owseditor@sourcemedia.com.
What’s Your Take?

“Let the ‘investment advisor’ be a robo. It does an effective job for a low cost, and is good for the [client]. Also it may be good for the solo practitioner, who doesn’t need to be a CFA. Focus on the complete picture, the financial plan, not investments.”

Comment from reader Stephen L.

Time to Think About the Future
PLANNING TO BOW OUT
The pressure on advisors to prepare for their retirement isn’t about to let up, even after an industrywide uptick in advisor ranks in 2014, according to Cerulli Associates.

Despite the 1.1% increase in advisor headcount, the industry’s ranks will begin shrinking again by 2019, according to a recent Cerulli study.

Cerulli’s data show many advisors are already making preparations for this forthcoming retirement wave. To see how, visit http://bit.ly/1OgRln5.

Who’s News: Top Advisor Moves
A CURRENT SNAPSHOT OF THE LARGEST TEAMS CHANGING FIRMS
Morgan Stanley picked up a Merrill Lynch advisor who previously generated $4 million in revenue. Meanwhile, Merrill capitalized on a major restructuring initiative by Credit Suisse as the wirehouse welcomed an advisor from the firm with $600 million in AUM. See these and other moves at http://bit.ly/1N44J5v. If you know about a move, please email us at owseditor@sourcemedia.com.
Leaving Merrill Wasn’t Easy

After 33 years, $3B team departs, citing bureaucratic hurdles and the firm’s platform change.

By Andrew Welsch

Chris Mahoney and his team have spent about 12 hours a day explaining to clients why, after decades of working at Merrill Lynch, they felt it was time to move to a new firm.

For Mahoney, a 33-year veteran at the wirehouse, leaving Mother Merrill for Raymond James was bittersweet.

“The people I worked with directly were all nice people — everyone in that branch,” says Mahoney, 57. “But the bank, by nature, was less flexible, and it was becoming increasingly less flexible.”

Mahoney and his team oversee more than $2.9 billion, according to Raymond James. Of those assets, about $2.1 billion are held in house, while more than $800 million are held in retirement plans elsewhere.

Mahoney says that jumping over bureaucratic hurdles at Merrill became more difficult in the years after the merger with Bank of America.

“It was becoming more restrictive in terms of how we price our business and services. And there is obviously a platform change at Merrill, and that was going to impact us in a pretty significant way,” Mahoney says.

Merrill has been in the process of transitioning its advisors to Merrill Lynch One, which replaces five older platforms introduced in the 1980s and ’90s. More than 90% of advisors are now using Merrill Lynch One, which has more than $480 billion in client assets, according to the firm.

The firm did not comment on the team’s departure.

The new platform has brought other changes, including restrictions on discounting. Advisors wanting to offer a deal to clients would have to do so out of their own pockets, according to sources.
familiar with the matter.

Mahoney adds that the group also wanted greater choice in investments. “We used broad-based ETFs, and we like to complement those with active managers,” he says. “And those that were available were of one variety.”

Validation

The West Nyack, N.Y.-based Mahoney Group includes Chris Mahoney’s brother Kevin Mahoney, Mark C. Marotta, Kristen Koluch and Phil Murphy. A few years ago, they started doing due diligence on firms to potentially move to.

“We literally spoke to everyone, and we came to the conclusion about a year ago that the present situation was untenable for us and our clients. We narrowed down our choices, and every time we met, Raymond James came up on top,” he says.

For Raymond James, this is the second time in 2015 a multibillion-dollar team joined the firm because of wirehouse policy changes. Early in 2015, Raymond James recruited a $2.4 billion team from Morgan Stanley, its biggest grab ever until Mahoney’s team moved over.

At the time, a Morgan spokeswoman said the firm was no longer able to accommodate the team’s business model, which included serving some smaller banks in Caribbean and Latin American countries.

Mahoney’s group is focused on first completing its transition and then growing its business to $10 million in revenue. The clients have been receptive to their move, Mahoney says.

Of Merrill, Mahoney says he will have fond memories of his career there. “I spent most of my life there, and I grew up with people there.”

Now he’s focused on the future, learning what new tools the group has access to and how he can serve his clients in new ways. And he says he’s excited to see how his team grows into their new roles. “That’s what is really cool about our industry — if you can get a lot of like-minded people pulling in the same direction, it can be a lot of fun,” Mahoney says.

$1.6B Advisors Spurn Wells Fargo Offer

By Andrew Welsch

Credit Suisse teams instead move to J.P. Morgan Securities.

T

hree Credit Suisse teams managing more than $1.6 billion in combined client assets have decided against accepting an offer to join Wells Fargo and have chosen instead to move to J.P. Morgan, a Morgan spokeswoman acknowledged.

Credit Suisse and Wells Fargo struck a deal permitting the wirehouse to offer the Swiss firm’s advisors up to 300% of their annual production to transition to Wells, according to people familiar with the matter.

But some advisors have been opting to join J.P. Morgan Securities instead.

Advisors David Greene, Andrew Firstman, Mark Horncastle and Christian Cram have joined J.P. Morgan in Atlanta, where they report to the regional director, Pete Secret.

In a statement, Greene said that he had made the move to J.P. Morgan because of the firm’s boutique model and resources.

Horncastle provided similar reasons for his team’s decision to move to the firm, saying that J.P. Morgan Securities “is a client-centric business backed by the strength and stability of a global powerhouse.”

The team of Firstman, Horncastle and Cram managed more than $900 million in client assets while they were at Credit Suisse.

Their clients included wealthy families, foundations and other institutions.

In another move by Credit Suisse advisors, J.P. Morgan picked a $240 million team in Chicago.

In that transition, the advisors Christian Habitz and Sarah Damsgaard are now reporting to regional director Michael Maron.
“A lot of times you are helping manage the emotions of clients,” Morgan Stanley advisor John Perry says.
One advisor was previously a mountaineer, guiding clients to mountaintops before he began helping guide their financial lives. Another managed the branch of a retail bank at age 18. These standouts and others made the cut in *On Wall Street*’s latest annual ranking of advisors under the age of 40. The members of this elite group come from all walks of life, from small suburban towns, such as Patchogue, N.Y., to big cities such as Chicago.

Yet while these industry leaders have varied origin stories, their successes share similar foundations.

In their dedication to clients, these advisors go above and beyond what may be necessary. “They have 24 hours, seven days a week access to me,” says Morgan Stanley’s John Perry, who ranks as No. 1.

Almost all say they take a conservative approach to investing, which several of this year’s top advisors say will keep them growing into the future. “As long as I continue to make that my goal, as long as I’m not reaching for returns, then we’ll be set up for future success,” says Chris Vollmer of RBC Wealth Management.

Finally, many of this year’s top advisors under 40 place a premium not only on the importance of hard work, but of teamwork, too. Many credited their co-workers and mentors with helping set them up for future success. Raymond James & Associates’ Jay Hack cites the mentorship of his father, who is an advisor at the same firm, as a key reason he has been able to serve his clients and their families as well as he does.

“It’s the importance of family — the importance of our family and those that we service,” Hack says. “It’s this watchword that we just keep coming back to.”

Learn from the profiles, including this year’s expanded list of the top 25 advisors at regional broker-dealers, how these elite advisors built their businesses.
Reflecting on the reasons for his success, John Perry says it’s a case of hard work meets opportunity. But this year’s No. 1 advisor under age 40 also points to an additional factor.

“I think when you transcend just a business relationship, clients can feel that,” Perry says. “Markets are going to go up and go down. I can’t control that. But I can control how hard I work for someone, the details of our service and how much I care for them. I think that has resonated with my new clients as well as longstanding clients.”

Perry, says he gives his roughly 35 ultrawealthy clients 24/7 access. “There are some clients I talk to multiple times a day, every day of the week,” the Boca Raton, Fla.-based advisor says.

Perry maintains a strict exercise routine (he’s a triathlete), but otherwise keeps a flexible workday in order to respond to whatever client needs may arise.

He says he may get phone calls from clients inquiring about everything from new stock issues to wanting to finance a buyout of a company. This high-touch approach to his practice has helped raise his ranking; last year, Perry ranked at No. 3.

The Lafayette, Ind., native developed his passion for wealth management during a college internship at Goldman Sachs. After graduating from Indiana University, Perry landed an advisory job at Merrill Lynch. His first day of work was Sept. 11, 2001.

“I learned really quickly that you are not just a financial advisor. A lot of times you are helping manage the emotions of clients,” he says. “At a moment like that, people want to sell all their assets, move into cash or gold. It kind of threw me in the deep end of the pool.”

His youth also turned out to be an asset, as older clients saw in him an advisor who worked hard and would be around to help them for years to come.

His dedication to his work has resulted in particularly deep relationships with clients, Perry says.

“All 35 clients are my friends. They didn’t start out that way, but it turned out that way,” he says. “I’ve got great relationships with all of them. It’s what makes my job fun.”

To Keith Rowling, having a keen focus is vital to his advisory business. “We work mainly in two areas,” says Rowling, who was licensed during his freshman year at Notre Dame and is now with Morgan Stanley in Troy, Mich. “One is capital markets and the second is alternative investments.”

Within capital markets, Rowling is active in equities and fixed income. “The fixed-income markets are very fragmented,” he says. “You can buy wholesale. Alternatively, you can buy securities that have been stepped on three or four times. With today’s low interest rates, there is little room for substantial returns. … We prefer to buy in the underwriting.”

A similar situation exists in equities. For stocks as well as fixed income, Rowling says being with Morgan Stanley gives him access to desirable offerings at relatively attractive prices.

“We can deliver solutions that are unique to our clients,” he says, “often with products they can’t get elsewhere. We understand capital markets — that’s always been our focus.”

In alternatives, Rowling concentrates on private equity and hedge funds. How does he choose among all the funds now available? “First, we look for managers who have provided a return of capital,” he says. “We want managers who have multiple years of experience in this area. We also like to see a manager whose interests are aligned with the investors’ interests.”

Rowling adds alternative investments for his clients might include funds of hedge funds, hedge fund secondaries and hedge fund co-investments.

Rowling’s client roster increasingly includes family offices, he reports. While family offices often provide comprehensive financial management for the wealthy, Rowling sticks to his basic expertise.

“We mainly offer investment solutions,” he says. “Clients such as family offices come to us looking for superior performance at a time when expectations are low.”

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“We mainly offer investment solutions,” he says. “Clients such as family offices come to us looking for superior performance at a time when expectations are low.”
Nick Kavallieratos has come “full circle.” A New York City native, Kavallieratos began his career in financial services at Morgan Stanley, interning while he was a student at Lehigh University in Bethlehem, Pa. After a stint with Citigroup, Kavallieratos returned to Morgan and now works in Manhattan.

“I was fortunate in that my internship involved corporate services, including stock plans,” Kavallieratos says. “With that background, I was able to get a job with Citigroup after graduating.” Kavallieratos currently offers specialized equity trading services at Morgan.

“My team is usually involved in areas such as stock options, restricted stock and employee stock ownership plans,” Kavallieratos says. “For corporate clients, we administer these plans.” In addition, Kavallieratos works with fellow employees, helping them make the most of these specialized equity opportunities.

Kavallieratos’ team uses a holistic approach to advising individual clients, one that goes beyond optimizing stock options or restricted shares. “We sit down with them and go over their family structure and other details of their lifestyle,” he explains.

Recently, for example, Kavallieratos advised an ultra-high-net-worth client whose children are doing well financially; the client wanted to discuss charitable planning. “We went through a series of six to 10 meetings, discussing options,” Kavallieratos says. “We wound up with a plan that includes the creation of a family foundation and a substantial bequest to a specific charity. To me, the greatest gift I can get is when a client tells me, ‘I feel good about the decisions we made.’”

For Sean Yu, 2015 was a year for reflection. Even as he continued to grow the business, he was able to step out of the trenches and consider everything in a wider frame.

“This year, I spent a lot of time thinking about philosophy,” he says. “I think the philosophy in terms of how I look at money has to be right.”

Yu can talk about growth curves and recite market figures chapter and verse, but the real puzzle for him is getting to know his clients — what animates and motivates them and, perhaps most important, their family dynamic.

He describes the challenge of “trying to figure out the power structure in the family” and getting the balance right, an exercise that sometimes entails setting up separate accounts for a husband and wife.

“Some couples, one person’s more emotional, one person’s more rational,” he says. “I think if we can figure this type of stuff right, ultimately, I’m pretty sure 99% of my clients will make money.”

Yu, based in Pasadena, Calif., serves a largely Asian-American client base in which the approaches toward money can vary widely by generation.

Yu has adjusted his role over the past year, bringing on a staffer to help with portfolio design and scaling back his own time at work to spend more time with his growing family.

Yu resists the temptation to get caught up in the fluctuations of the market, and urges his clients to do the same. The volatility of last August, for instance, was nothing compared with 2008, and the markets survived both.

While Yu tries to keep clients from falling victim to their fear or getting carried away with greed, he freely admits that sometimes the relationship just isn’t a good fit.

“If you’re going to be worried about the market every day, you should not be invested in the market in the first place.”
To keep a successful advisory practice thriving, it can help to broaden the focus. “I’m always trying to grow my business,” says Jim Fink, of Deutsche Bank in Greenwich, Conn. “Recently, I’ve been growing by diversifying. There are areas at Deutsche Bank where what the bank offers is better than what can be found in other places.”

“I try not to focus on one thing,” he adds. “Having a lot of ideas, about different areas, can lead to success in this business.”

Among Fink’s ideas is to expand his client base beyond high-net-worth individuals. “Other clients and potential clients include hedge funds and private equity funds,” he says. “They have a need for cash solutions if they’re holding large cash balances.”

Fink has a network of hedge fund clients who have used these solutions, resulting in referrals to other hedge funds with needs for their own cash.

“We’re also finding that some ultrahigh-net-worth families sometimes require unique transactions,” Fink says. “Deutsche Bank’s private-markets desk can implement them effectively.”

Fink relates that he still does a lot of cold calling, but he tries not call people everyone else is calling. “I focus on offering solutions in areas where we can do things better than other firms,” he says.

Not all of Fink’s calls are cold calls. Last August and September, when the markets were very volatile, he called clients to remind them that they had lived through these cycles before.

“I said that I believed they would come out the other side, feeling comfortable with their holdings,” Fink says.

I was applying,” White says. His unusual cover letter landed him a position with a group of private wealth advisors at UBS. White says he wasn’t familiar with what a private wealth advisor was before joining the team. But after sitting in on client meetings, he took to the profession quickly.

Today, he works with the same team, though it has transitioned to HighTower. White credits his success to the influence and mentoring his team members provided, particularly veteran advisor Andrew Morse. The New York-based team specializes in working with high-net-worth, multigenerational families.

White says the work involves many points of contact with various family members, who require different strategies depending on what life stage they are in.

“If you know every part of a family intimately and you understand what each part is trying to achieve, then you can help with coordination,” White says.

Sometimes that might mean intricate estate planning, but it also might just mean providing basic financial education to a young adult.

White plans to conservatively grow his practice, so it will not detract from the attention his current clients need. “It’s not about me,” White says. “It’s about them and helping them get where they want to go.”
Before joining Merrill Lynch, where he’s been since 1999, Eric Payne was a CPA with Ernst & Young. “My wife is a CPA, too,” Payne says, whose office is in the Indianapolis area. “However, to the surprise of some people, we hire a CPA to prepare our tax return.”

Similarly, as a financial advisor, he doesn’t “do taxes,” as Payne puts it. “I don’t keep up with the latest tax forms.” That said, Payne’s experience as a CPA and his familiarity with the Internal Revenue Code play a large role in his success with Merrill. “With a significant tax background, I can help clients use the most tax-efficient strategies,” he says. “For example, I might suggest which assets belong in taxable accounts and which belong in tax-deferred retirement accounts. These days, it might make sense to hold high-income investments in tax-deferred accounts, because of recent changes in tax law.”

Payne also notes that many advisors wait until the fourth quarter of each year to focus on clients’ capital gains and losses. “We think that’s a mistake,” he says. “Doing it throughout the year can be tax-effective. In August and September of 2015, for instance, there was a correction in the market. We harvested capital losses then. If we had waited until the fourth quarter, there would have been fewer losses to harvest, because the market had moved up.”

Harvesting losses has become more important to high-income clients, Payne says, due to higher tax rates. After taking losses, clients can buy back in at a lower cost. “If you believe in the market, it’s the right move,” Payne says. “Part of our role is to help clients swap positions.”

Savvy planning can lead to reinvesting for desirable results without falling into tax traps. With a promising career working on mergers and acquisitions for a prestigious law firm, Joshua Malkin’s future seemed bright — but he wasn’t satisfied. Dealing with legal minutiae didn’t appeal to him. What he liked was solving complex problems and interacting with clients. So he chose a direction that suited his interest in numbers and finance, as well as his entrepreneurial spirit: wealth management.

As a New York-based wealth manager, Malkin hasn’t been afraid to try new tactics. “I was an early adopter of ETFs,” he says. “I started using them in 2006, when there were hundreds of ETFs, not thousands.” Malkin still uses ETFs, citing their low costs, tax efficiency and diversification opportunities.

Not content with conventional wisdom, Malkin spends considerable time studying the global macroeconomic environment, including geopolitical factors. “Clients are comfortable knowing that I’m doing this research and using my knowledge to oversee their assets,” he says.

For now, Malkin is skeptical of what he calls “economic growth bulls,” because he sees a continuing slowdown. Generally, this means a shift away from cyclical stocks and a search for specific opportunities in alternative vehicles. Although Malkin is cautious about fixed income — he says that, mathematically, bonds are unlikely to perform as well as they did in the past three decades — he says he’s not afraid of long-term, high-quality issues such as 10- to 15-year U.S. Treasuries.

Even with thoughtful investment strategies, clients have concerns about running out of money, no matter their net worth. So Malkin runs through Monte Carlo scenarios at the outset of client engagements, repeating this exercise after major life events. “We usually find that these clients won’t run out, even if they live for many years, as long as they don’t invest too aggressively or too conservatively,” Malkin says.
As one of the heads of a large team specializing in retirement planning, Dan Hoffmann wears a couple of hats. “There’s two parts of broadly what I do, and one is the typical financial advisor function where I’m working and helping clients and reviewing their plan, and the other is we have this great team within a very large organization, and I get to be the mentor to a number of our new advisors,” Hoffmann says. He calls it “the best of both worlds.”

Hoffmann’s Chicago-based group counts nine advisors and a dozen support staff members, a team that collectively handles around 2,000 households.

Hoffmann himself serves around 200 accounts, which he says is a manageable number that enables him to provide a high-touch service model. “My big thing is being accessible, so I never want to have too many clients,” he says.

Hoffmann’s clients are a diverse group, though many are corporate executives. They typically aren’t in the C-suite, but have risen high through the ranks and often come to Hoffmann as they are capping a long career spent with the same company.

Hoffmann says his “ideal client” is one planning to retire within five years. He positions himself as an expert in retirement planning, focusing on helping clients grapple with the “big questions” that arise when they are preparing to exit the workforce.

“I think the majority of people that are on the cusp of retirement are very worried, nervous, concerned. Excited, but I think they have all these fears, and I know, through good advice and a plan, we can get rid of these fears,” he says.

Jack Wong strives to play the role of quarterback for his clients. He advises clients in putting together and executing comprehensive wealth plans and coordinating with their attorneys, accountants and any other outside professionals who might be involved in their finances.

“One of the things that we start focusing on with our clients is building a wealth plan,” Wong says. “We want to make sure that we provide that personal attention, which is the one-stop shop or jack of all trades.”

Wong started out in the retail banking sector, working at Wells Fargo as a teller, then a personal banker and project manager; he went on to become a senior advisor. He showed an aptitude for finance early on: Wong was manager of one of the bank’s retail branches at age 18.

His practice today serves about 200 households with varying backgrounds. Based in Mountain View, Calif., Wong advises doctors, entrepreneurs, executives in blue-collar industries and others, along with younger generations in line for family fortunes.

“One of the things that I would say really separates us is the customer-service standpoint,” he says. “Every team member knows our clients, so we work as a group.”

That means Wong and his staff are checking email around the clock, and every client has his cellphone number in case of an emergency. That approach, rewarding in a personal sense, also pays dividends for the business.

Wong today grows his practice solely through referrals, and boasts a 100% client retention rate.

“It’s really about what [clients] get on the receiving end, as well as what we provide at the beginning, which is understanding our clients, profiling our clients,” Wong says.

“They don’t receive this from their current advisors. Once we have the client experience, ... I think it’s an easy story to tell their friends and family about us,” he adds.
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There are times, Chris Vollmer says, when he has to turn away more clients than he accepts. “Sometimes people come to us wanting to grow their money 10% or 15%. That’s not what we do,” he says.

Vollmer and his team at RBC pursue a conservative, long-term investment strategy, and he wants clients who reflect the team’s approach.

The Patchogue, N.Y., native joined the business on the equity side after graduating from Stony Brook University on Long Island. Vollmer, who played football, studied sports management with the goal of working in coaching at the collegiate level. However, a friend helped him get a job in financial services after graduation.

Vollmer says he was hooked instantly on the profession, but the dotcom bubble burst soon followed. That difficult market time made him realize that he had to do more than just sell stocks, Vollmer says.

He paired up with an advisor specializing in fixed income, while also branching out in planning and other areas. Self-education is necessary for survival in an industry that has changed so much, Vollmer says.

“When I first started, people were cold-calling clients. Today, you can’t get clients that way,” he says. “The name of the game has changed into the high-net-worth individual, and you can be a lot more holistic in your approach.”

He credits his success to his conservative approach and pursuit of education, his three team members and RBC, which has offered a lot of support. “I work with people who are really good at what they do,” Vollmer says.

In an industry where many advisors boast impressive certifications, Jay Hack may have the most unique one: avalanche safety. When the Emory University alum was 23 years old, he quit his job as an equity researcher in San Francisco to become a mountaineering guide.

“I used to jokingly call myself a midlife-crisis expert, because if you just sold your business and bought a Harley, then your next move was probably to go mountaineering,” Hack says.

After six years of scaling mountains, volcanoes and glaciers, Hack decided it was time for a change. He earned his MBA at American University in Washington, D.C., and his father, Paul Hack, invited him to join his Raymond James practice in Farmington Hills, Mich.

Making the transition to the advisory business wasn’t easy, but Hack’s father served as his mentor and role model. Hack has tried to closely follow his father’s example, including getting involved in his community through charity organizations such as the Jewish Federation and the Anti-Defamation League.

Hack has helped serve the practice’s existing clients while building his own book. He says he and his father have been able to more deeply serve multiple generations of the same family.

“Frankly, our industry is traditionally very bad at retaining those assets,” he says. “We are trying to buck that trend by demonstrating to the family that things won’t get lost in the cracks, that there are really benefits to the whole family.”

Hack has also prospected for new clients among fellow outdoor enthusiasts: “They are traditionally underrepresented groups. Every broker and their brother-in-law is on the golf course trying to meet estate-planning attorneys.”

In a sense, being an advisor isn’t that different from being a mountaineer for Hack. “This was just an exercise in guiding in a different realm,” he says.
Clients vary widely in their risk parameters, Nicholas Anger has learned. “Some would like to have most of their money in CDs, while others are comfortable with 80% in equities,” says Anger, who left Merrill Lynch in 2015 to join RBC’s office in Stamford, Conn.

Keeping clients’ goals in mind, Anger applies certain basic principles to their investing strategies. For instance, Anger’s clients fill out their fixed-income allocations with individual bonds, corporate and municipal. “We talk to bond traders about pricing and inventory,” he says. “That’s how we can add value.”

Anger tells of selling his complete position in Puerto Rico bonds on a single day in 2010, perhaps “a year or two early.” Even selling early, Anger’s clients received much more than those bonds’ current trading prices.

Anger says he uses some bond ladders, with staggered maturities, but currently he prefers a “barbell” approach, focusing on long- and short-term bonds.

Anger uses mutual funds for equities, but asserts that “downside protection is our mantra.” To reduce risk, he avoids long-only funds, preferring certain unconstrained entries.

Despite his obvious interest in financial performance, Anger positions himself as more than just an investment manager. Anger and his associates go beyond what might be considered the norm in serving their clients.

“Our goal is to provide clients with peace of mind,” Anger says. “When clients know that they have someone they can count on, they tend to feel more comfortable.”

When asked about the reasons for his success, Ben Cohen’s initial response is “a willingness to ask for help.” Indeed, help for Cohen, a Raymond James advisor in Chicago, isn’t far away: He works with his father, Michael, a Wall Street veteran with over 40 years of experience.

Next on Cohen’s list is the ability to “face my fears and make difficult calls.” Those aren’t cold calls. “We don’t seek new clients,” Cohen says. “Our business all comes from referrals.” Instead, the calls he is referencing are those made to existing clients during difficult times in the financial markets, when portfolios have slipped.

Cohen adds that doing “better than the next guy” is not among his goals; rather, he aspires to do better for clients in absolute terms. “Relative returns don’t matter,” he says. “Down is down.” Thus, when Cohen makes those calls during times of market stress, he doesn’t point out that he might have done better than some market index.

Instead, Cohen brings the bad news honestly. “Eighty percent of the time, I’m rewarded for communicating with my clients,” he says. “I try to put things in perspective for them.”

This tell-it-like-it-is approach was tested in 2008, when Cohen was working for Bear Stearns, the first major casualty of the financial crisis. “We were worried then, because we couldn’t provide clarity as to what was going on,” he says. Even so, communicating to clients helped keep most of them in the fold after J.P. Morgan acquired Bear Stearns. When Michael and Ben Cohen moved to Raymond James in 2014, “almost everybody came with us,” Ben relates.

At Raymond James, Cohen says, “I’m able to fully use my CFP designation to serve clients. This leads to another conversation that may not be easy: talking about commissions. But I have concerns with conflicts of interest, so one of the first things I talk about regarding these products is how the client will benefit and how much it will cost.”
A top advisor while under 40? Jacob Duffy says he got his start when he was under 10. “I’ve been hearing about financial matters from my father my whole life,” he says. “Sitting around the kitchen table at home, that’s what we’d talk about.”

While Duffy is now in Baird’s Scottsdale, Ariz., office, his father, Brian, is a planner with Raymond James in Seattle. Nevertheless, Jacob’s clients still get to hear his father’s advice. “When I started to work,” Jacob says, “I wanted to invest my money with him. My father would say, ‘Explain in 30 seconds why you want to buy that stock. If you can’t, don’t buy it.’ My clients all know that story.”

Indeed, Duffy says his most important investment rule involves knowing why he’s recommending something to clients, and explaining his reasoning. “I tell them,” Duffy says, “that they wouldn’t buy a building without a walk-through. They wouldn’t buy a business without being shown the books. So why buy shares of a public company without knowing the reasons?”

Before joining Baird from Morgan Stanley Smith Barney in 2010, Duffy worked as a wholesaler for Federated Investors; he learned from advisors there. “They told me that they experienced highs and lows in building their business,” he says. “Therefore, I found out that I would have to handle rejections, and use them positively.”

Duffy says he never asks for referrals. “I believe that I’ll get as many as I deserve,” he explains, “so if I want more referrals, I need to do a better job.”

One way to do a better job, he notes, is to communicate regularly with clients, ensuring they understand his investment strategies.

When it comes to staying in touch with clients, Sean Fitzpatrick believes in voice-to-voice communication. “I don’t use email for that purpose,” he says. “Phone calls work better.”

Fitzpatrick says he makes multiple calls each day, reaching out to each of his 150 clients about twice a month. “The calls might be, ‘How was your weekend?’ or ‘What are you planning?’” relates Fitzpatrick, who joined Raymond James & Associates in his native Houston after studying marketing and finance at DePaul University.

“The more you talk to them, the easier it gets to find what to say. Often the calls are not about investments — they’re just a way of getting to know clients better, and gaining their trust.”

Nevertheless, these calls may wind up leading to more than just good will. “Recently,” Fitzpatrick says, “I called a client who told me he was planning to sell his company and retire. He asked for my thoughts and how this would affect our relationship.”

Fitzpatrick’s response was an offer to “quarterback the whole process.” This might mean bringing in an attorney to handle the legal aspects and an investment banker to value the client’s firm.

Not only could this assistance strengthen the existing relationship with a client, but a successful sale might mean a substantial amount of dollars flowing to the client, and perhaps more assets for Fitzpatrick to manage.

Fitzpatrick’s interaction with clients doesn’t stop at phone calls. “My wife and I might arrange to have dinner with a couple who are clients,” says Fitzpatrick, “and the clients may ask two other couples to join us. Once the conversation is under way, you find things you have in common. This can be an easy way to get referrals to qualified people.”
After majoring in architecture and engineering in college, Chris Lazos realized those careers weren’t for him. He decided to pursue his passion for investing on Wall Street.

Lazos, who had been buying stocks since his teens, spent a summer at a small brokerage firm, cold-calling business owners and corporate executives. It was 2003, shortly after the market crash, Lazos says. “I was more positive, and I succeeded in getting business there,” he says.

After a few years, Lazos moved to Maxim Group, where he made partner by age 25. By then, he had decided to shift from a transactional business to a managed business, providing more-comprehensive financial advice on a fee basis. In May 2008, he left Maxim for Oppenheimer, bringing many of his clients with him.

“I still had most of their assets in cash when the financial crisis hit in the second half of 2008,” the New York-based advisor says. “To me, this felt like a repeat of 2003, so I advised clients to stay in stocks and even increase their holdings, which has worked out well.”

Switching to a managed business means Lazos mainly relies on boutique money managers to handle his clients’ assets. “They may have left a large firm to go on their own, so they now have fewer assets to manage,” he says of these professionals. “This makes them more nimble than the competition, able to produce better returns.”

Lazos has added another role to his career: portfolio manager. His managed account, a dividend growth strategy, is now up to $30 million in assets, Lazos says.

If you’re looking for a stock picker who’s going to go all in on the next hot tech start-up, Michael Berger is not the advisor for you. Berger is unapologetic about his commitment to “conservative wealth management,” professing a cautious but confident investment strategy geared toward clients looking for a solid fixed-income portfolio.

“I’m definitely a slower and steadier approach than most people,” Berger says. “Basically, the idea is preservation of capital, and we’re trying to earn as much of a return on that capital as we can.”

Berger’s team, based in New York, serves high-net-worth clients, with a combined AUM of $1.3 billion. His clients are families or individuals who are generally past the accumulation stage and looking to preserve their nest egg.

“I’m looking to put them in conservative investments where they can sleep at night and know that everything’s taken care of, and not worry too much about risk or loss of principal,” Berger says.

Like all successful advisors, Berger touts the high level of service his team provides, though he acknowledges its limitations. Berger and his partner, brother-in-law Ira Mark, share a conservative investment philosophy, and he understands that he operates a niche practice.

“I don’t think I’m all things to all people. I don’t really think anyone is,” he says. “The good part about this business is you can do it many different ways.”

Berger says a big part of the job is to fight “headline risk,” the sometimes irrational reaction clients have to news of the day. Such has been the case over the past year, as Wall Street has looked with unease at the prospect of an interest rate hike. When rates inevitably start to rise, Berger expects a very gradual climb and sees no reason to delay investing in, say, an interest-bearing bond in anticipation of a higher rate a year from now.

“There’s definitely a cost of waiting and doing nothing,” he says.
To grow his business, Tim Forster began shrinking.

Since Forster combined practices with Ron Farley in 2003, the two have steadily thinned their roster of clients from 1,300 households to about 600. Simultaneously, they’ve increased their combined AUM from $119 million to around $475 million.

Forster says he doesn’t feel as if he’s doing his job if he can’t deliver superior service tailored to each client’s goals and circumstances.

“We customize and do a lot of in-depth planning, which I don’t think a lot of advisors do,” he says. “You can’t do that with 5,000 households.”

Based in Eau Claire, Wis., a town of a little more than 67,000, Forster says that he knew from an early age that he wanted to make his mark in finance. He bought his first shares in a mutual fund at 16, majored in finance in college and joined Baird in 1999, drawn both to the numbers side of the operation and the idea of helping people.

Forster strives for a deep engagement with clients, which he expects will strengthen with the addition of a junior advisor in January.

“That’s the one thing that sets us apart is the service model — the quarterly calls, the in-person reviews, the client events,” Forster says. These events have included plays, sporting events and wine tastings. Next up? Renting out a movie theater for a viewing of the new Star Wars movie.

That level of interaction just makes sense in a small town like Eau Claire, Forster says.

“You’ll run into people at the grocery store; you’ll see clients in the local newspaper,” he says. “That’s why your reputation is so important — because word travels very quickly in a community of this size.”

The office, with two advisors and two support staffers, is well-equipped to serve the practice’s 50-plus clients, but Robinson is wary of expanding too quickly.

“We’re very lucky in that we have a client base that is not overwhelming, so we can provide that white-glove service that our clients expect,” Robinson says.

At an early age, Robinson determined he was a good fit for the advisory field because it marries the number crunching he studied as finance major with interpersonal skills.

“Having both of those things on the plate in lieu of, say, a 9-to-5 job where you’re either exclusively in sales or you’re exclusively running spreadsheets is what got me excited about it,” he says.

Regular interaction with clients is central to Robinson’s practice, which is based in Winston-Salem, N.C. Robinson, a CFP, describes this region, which is thick with financial-services firms, as an “over-advised” market where clients expect a high level of service.

He professes a “holistic approach” to working with clients. “We try to find solutions for our clients, and not the other way around,” he says.

ANDREW WELSH is senior editor of On Wall Street. Follow him on Twitter at @AndrewWelsch.

KENNETH CORBIN and DONALD JAY KORN are contributing writers for On Wall Street.
# The Top 25 Regional Advisors Under 40

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The new year is here, and it’s time for advisors to help their clients kick off a financially successful 2016. Tax optimization in particular can be tied to the calendar months.

Here are some January action items that may make a big difference in clients’ after-tax returns.

1. **Fund Early**

Contributions can be made to a tax-favored retirement account as early as Jan. 1 this year, or as late as April 15 next year. It seems obvious that, the sooner you get your clients’ money behind the tax shield, the more money there will be for them to use in retirement.

However, research from Vanguard shows that many people are inefficient at funding their retirement plans. Vanguard examined the IRA contributions of its clients for the years 2007 to 2012. Only 10% of the contributions were made at the optimum point in January; over 20% were funded in the very last month possible.

Clients can significantly improve their after-tax returns by being more diligent when putting money away for retirement. Vanguard modeled the “procrastination penalty” to be over 10% of the ending value of the investment when comparing one who funds on Jan. 1 to one who waits until the last moment to make a contribution for the previous calendar year.

2. **Exercise**

Sure, many of us make New Year’s resolutions to exercise. For clients holding incentive stock options, following through with that pledge can be critical in managing their possible Alternative Minimum Tax liability.

When clients exercise such options, there are AMT implications only if they continue to hold the shares they received past year’s end. The AMT is levied on the difference between the option exercise price and the market price at the time of exercise.

If the shares are at $100 and the option lets clients buy the shares at $20, there is $80 of income subject to the AMT, no matter what price the shares are sold for. Many ISO holders keep their shares after exercising, hoping to age them to long-term holding status. If the shares are sold for $100 after more than one year has elapsed, the $80 would be taxed as a long-term capital gain.

If the shares are disposed of in less than one year, then any gain above $20 is taxed as ordinary income. Unfortunately, many employees have watched their shares plunge in price and wound up paying an AMT on these near worthless shares. This is why the rules allow employees to avoid the AMT hit as long as they dispose of the shares before the year of exercise ends.

The rules do not grant clients 12 months to see how the stock does; they give the employee only until the end of the year of exercise to sell the shares and have no AMT implications. The gov-
ernment gave clients this option; it is up to them to make the most of this gift. If a client exercises on Jan. 1, he has 12 months to see how the shares perform; if he exercises in November, there are only two months to act.

The optimal plan is to exercise ISOs on Jan. 1; then, on Dec. 30, see if the stock is still trading considerably above the option’s exercise price. If the shares still have a lot of unrealized gain, it is probably worthwhile to hold on for two more days to get to long-term capital gains, remembering this choice comes with AMT implications. If the shares have declined, however, it may well not be worth paying the AMT, and the shares can be sold before year end.

3. Convert Now
Another area in which clients are granted a tax option tied to the calendar is in the Roth conversion rules — more specifically, in the Roth recharacterization rules.

The government again allows an escape hatch for clients who have made an unlucky decision that has disastrous tax consequences. When savers convert their taxable IRAs into Roth IRAs, they choose to pay a current tax on their deferred income to earn the right to withdraw the funds later without any future tax consequences.

Ultimately, they are paying a tax now in order to not pay any taxes on the money going forward. Roth converters can recharacterize and undo their actions with the money reverting back to the taxable IRA without triggering the conversion tax. They can do this until the last minute a tax return is due; taxpayers are given extensions so the final deadline to file a tax return is on Oct. 15 of the year after the conversion.

If a client executes a Roth conversion on Jan. 1, 2016, she would have until Oct. 15, 2017, to change her mind and unconvert. If the client waited until November 2016 to do the Roth conversion, the time limit for unconverting would be half of that.

Robert Gordon is a contributing writer for On Wall Street, adjunct professor at New York University Stern School of Business and president of Twenty-First Securities.

Estate Planning for Tax-Deferred Investments
Advisors can choose from several different approaches to preserve their clients’ IRAs.

By Alexandra Smyser

Many clients hold a tremendous percentage of their wealth in retirement plans, so it is crucial that advisors carefully consider how to help them transfer these assets to beneficiaries — particularly because retirement plans are subject to different rules than other financial accounts. Here are some approaches advisors can offer.

If a surviving spouse is named as beneficiary of an IRA, the spouse can roll over the IRA into his or her own name. The rollover allows the surviving spouse all the protections and privileges provided to the original owner. A straight rollover is perfect for the long-term married couple who are approximately the same age. The surviving spouse is considered the owner of the rollover plan, so any withdrawal before the age of 59½ will carry a penalty.

Another option would be to inherit the IRA as a non-spouse beneficiary would, which allows the beneficiary to take a required minimum distribution annually from the IRA and let the remainder grow tax-deferred. This option may be a better choice if the surviving spouse is younger and may want to access the funds in the IRA before she reaches 59½.

There is no penalty (other than income tax owed) for taking out the annual distribution or a greater amount. The downside is that the full balance of the IRA is not growing tax-deferred for the surviving spouse’s retirement.

Naming a surviving spouse as a primary beneficiary is wise, as long as the couple agrees on who should inherit the IRA after the surviving spouse passes away. If, for example, the original owner wants to secure the remainder for his children after the surviving spouse passes away, it may be prudent to provide the added protection of naming a trust as the beneficiary of the IRA.

If the original owner wants more control over the IRA asset, then the client should name the trust as the beneficiary of the IRA; however, disaster can result if the trust is not drafted properly. The stretch-out works only if the trust qualifies as a “designated beneficiary” under the IRS code. Also, it is wise to name a trust as the beneficiary on behalf of a minor, a person with special needs or an irresponsible spendthrift.

Alexandra Smyser is an associate attorney specializing in estate planning at the law offices of Donald P. Schweitzer in Pasadena, Calif.
Uncertain Times
Terrorism and economic weakness overseas causes clients to be more risk averse.

BY ANDREW WELSCH

In the face of geopolitical upheaval, advisors refrained from increasing equity positions in client portfolios.

Recent acts of terrorism and economic weakness in overseas markets made clients more risk averse, advisors say. Clients even remained uncertain interest rates would rise, despite indications from the Fed that they would in the final weeks of 2015, according to the latest Global Asset Allocation Tracker survey of 329 advisors.

“After the terrorist attacks in France, the outlook for many of my clients turned bearish,” one planner said. “I was inundated with frantic phone calls through the weekend because my clients, as well as investors all over, were afraid of what the markets would do on Monday.”

Another wealth manager said ISIS “played a major role in my clients reducing or not increasing their foreign exposure.”

Advisors also continued to prepare client portfolios in advance of the Fed’s decision on rates in mid-December. “Overall, less money was allocated toward traditional bonds as [we] feel that returns are going to be negative in most bond asset classes, especially if the Fed increases interest rates,” this planner said, adding that U.S. large-cap equities and dividend-paying stocks were also preferable.

One advisor was upbeat about central bank policies overseas: “With the global quantitative easing taking place, I feel the international markets will outperform over the next 24 to 36 months.”

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Appraising Art Investments

With art auction prices soaring, advisors should help clients steer clear of speculation in this creative asset class.

BY MIRIAM ROZEN

Recent skyrocketing auction prices may have inspired some clients to ask about adding art to their high-net-worth portfolios. But advisors should help them view this creative asset class with a healthy dose of skepticism.

In November, the $170.4 million sale of an Amedeo Modigliani oil painting at Christie’s in New York was the second-highest price ever paid for an artwork at auction, and the highest ever for a Modigliani work. The buyer was Liu Yiqian, a taxi-driver-turned-billionaire-art-collector whose rags-to-riches tale reads like a movie script.

Buyers at the November auction also paid record-setting prices for works by Gustave Courbet and Roy Lichtenstein. All told, Christie’s raised $491.4 million.

It’s understandable if such sales prices have art-enthusiast clients seeing painted visions of dollar signs.

But Dan Desmond, who leads the Blue Rider Group as part of Morgan Stanley Wealth Management, cautions: “The art market has grown dramatically in the past decade. It’s great for artists and museums. But tastes change and the market changes. [Art] evaluations right now are very high. We are going to see a cooling-off period.”

Desmond believes his clients have already absorbed that message. “A lot of people get attracted to the art market for different reasons than our client base,” he says. “[Our clients] are not approaching it as an investment but as collectors, so some of the prices of art are just a distraction.”

The Blue Rider Group, a three-advisor team, is a relative newcomer in pitching financial services to art buyers. Their name was inspired by the Der Blaue Reiter, a group of subversive Munich artists who emerged in the early 20th century.

For clients, Blue Rider Group provides “a short list of best-in-class” professionals whom art collectors rely upon — including insurers, brokers, private dealers, movers, and trust and estate lawyers. “Eighty percent of what you need to hold, move, buy and sell art, we have at our fingertips,” says Desmond.

Desmond’s team does not advise client collectors on what art to buy and not buy; they leave those judgments up to the art analyst experts. Instead, they each spend “almost 95% of their time” on investment portfolio management and wealth planning, Desmond says.

‘Buy What You Like’

“Most people know nothing about the art market,” warns Deena Katz, chairwoman of Evensky & Katz/Foldes Financial Wealth Management of Coral Gables, Fla., which has over $1.5 billion in assets. “It is risky, and there is a great possibility to get scammed as well. I tell clients, buy what you like for your enjoyment, but few people have the knowledge, resources or ability to know whether an interesting piece of contemporary art will skyrocket.”

She adds, “None of our clients have the ability to throw millions at an art
piece and still sustain their standard of living for 30 or 40 years. I am more concerned about funding longevity than having them risk money on a piece of art as an investment. You want to take that kind of risk, visit the high-roller room at a casino in Vegas.”

Ross Gerber agrees that art investing invites risks but, at the same time, he understands why some of his clients’ interest in such a strategy has been piqued. “Art is very popular now as an investment for many reasons,” says Gerber, who is president and CEO of Santa Monica, Calif.-based Gerber Kawasaki Wealth & Investment Management, which has more than $375 million in AUM. He evaluates clients’ wealth in terms of their planning goals, and if they can afford to invest in art, Gerber doesn’t stop them.

But Gerber also abides by one prevailing principle when it comes to purchasing art: “The key is not to sell it. You should buy these things with no intention to sell. It is to be enjoyed and passed on.”

Tools of the Trade
A few startup companies have developed analytical tools for advisors whose clients have the inclination and wealth to consider investing in art.

Artnet and Beautiful Asset Advisors both offer advisors and clients searchable databases of prices for artworks sold at public auction.

What is typically not captured in the databases of these tools are comprehensive records of artworks sold privately by dealers, which leaves out as much as half of the roughly $50 billion global market in artworks.

And the prices reported by auction houses also merit a closer look, says Leslie Rankow, who advises collectors in New York and earns a commission on their purchases. Christie’s and its rival auction houses employ a marketing strategy that assigns each auction a theme, she notes. This allows auctioneers to feature a wide variety of artworks at one sale, as long as they fit the broad theme. Thus, sellers can attract buyers to pieces by both the masters and contemporary artists.

“Tastes change and the market changes. [Art] evaluations right now are very high. We are going to see a cooling-off period,” says Dan Desmond of Blue Rider Group.

Theme Approach
The theme for Christie’s November auction was “The Artist’s Muse,” and the paintings and sculptures were by artists from the 1860s through the 2000s. This approach improves the odds that works from all eras will fetch higher prices, because the masters’ works will stand out and the contemporary works will be viewed as part of a continuum of artworks’ long-term value, Rankow says.

“There is so much money around,” Rankow says, that the strategy has, in large part, succeeded. But should the economy change direction and that money evaporate, Rankow warns, “I’m afraid that contemporary works are going to sink back into a more realistic price range.”

Rankow nonetheless welcomes the idea of advisors helping clients who want to buy and finance art for their collections. Dedicated teams to help clients buy art exist at Citi, UBS, Societe Generale and even Emigrant Bank. Because Emigrant has generally cast itself as a bank that doesn’t cater to ultrahigh-net-worth clients, its entrance into the art-financing arena shows “the long-reach tentacles” of art-market fever, Rankow says.

Suzanne Gyorgy, who leads the Citi Private Bank Art Advisory & Finance team, also expresses caution about today’s “frothy” art price levels. Gyorgy’s art analysts aid Citi advisory teams who have clients seeking intelligence on art values and collecting strategies.

Along with helping clients research and bid on works for their collections, the team assists them in finding financing for their art buys, incorporating and accounting for the works in estate plans, moving and storing the artworks, and insuring them.

“Our role is to take a very conservative approach,” Gyorgy says. Her team’s analysts make sure clients understand that, as with any investment, art valuations will rise and fall. The team’s recommended strategy for clients: Buy as collectors, not speculators.

Gyorgy also recognizes a reality that throws cold water on some of the fervor regarding top-dollar art prices: At the same Christie’s auction at which the Modigliani nude sold for such an astronomical sum, 10 other works failed to sell.

Blue Rider Group’s Desmond is enthusiastic about the rising crowd of contemporary artists, some of whom have accumulated enough assets to enter, along with hedge fund owners, the group’s stable of ultrahigh-net-worth clients. Any correction in bubbly art prices is not likely to doom the Blue Rider Group’s business model. “Is the art market going to change? Yes. Will it affect our business? No,” Desmond says. “We work with collectors.”

MIRIAM ROZEN is a contributing writer for On Wall Street and a staff reporter at Texas Lawyer in Dallas.
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Don’t Miss the February issue of On Wall Street – Regulation and Compliance
Space Close: 1/5
ONE MIGHT SAY JUDSON Potter really dug into his work before landing his current job at Raymond James.

Potter studied geology while attending Hamilton College in Clinton, N.Y., and, after graduation in the late 1980s, went to work at Browning-Ferris Industries as an account representative, helping develop waste and recycling plans for small and large businesses.

It was a good fit, says Potter, a Brooklyn native who has a passion for the outdoors. But Browning-Ferris, within a few years, shifted its focus to trucking and transportation. Potter says that’s when he had to consider switching career tracks.

He remembers knowing several math majors, and he was intrigued by the world of finance. He also says he was confident he could make the switch, inspired by his mother, a divorcée who had put herself through medical school and became a doctor.

“One thing I learned from watching my mother go through medical school was how much perseverance and focus that took — something I later learned in my own career when I transitioned into the financial securities industry,” he says. Potter got his start with PaineWebber in 1996, and remained on board after it was acquired by UBS. He took a full-time management position, and by 2013 was running an office in Westport, Conn., with $40 million in annual revenue.

“UBS soon decided to change its reporting structure and wanted to send me back into production while I was still leading 40 advisors,” he says, a decision he felt wasn’t the right way to run a business. A year after taking on the Westport job, Potter says, he was approached by Raymond James. He accepted a position running the firm’s private client group in Connecticut.

Today, Potter runs a smaller operation with the regional broker-dealer. He oversees seven advisors and roughly $600 million in AUM.

“I am a young guy,” he says. “At 49, [I have] my whole life ahead of me, and the quality and type of work I do going forward really matters to me.”

He sits on the board of the Shingle Shanty Preserve and Research Station, a small, nonprofit biological field station working with a 23-square-mile tract of land located in the middle of the six-million-acre Adirondack Park.

“I still feed my passion for the outdoors,” he says. OWS

BY ANDREW SHILLING
Firms are tweaking compensation plans to motivate advisors—and boost profits.

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