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WEALTH MANAGEMENT

## Major Shift: Wirehouse Veterans Eye Bank Brokerages

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By Steve Garmhausen

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A few years ago, [John Noble](#) never could have imagined that he'd be running the brokerage arm of a modest-size commercial bank. A two-decade veteran of [Dean Witter, Smith Barney](#) and [UBS](#) Financial Services, Noble had always thought that commercial banks, other than the very largest, had minor-league brokerage operations.

Yet in January, Noble left UBS, where he served as director and executive vice president for its Oregon branches, to take over as president of [Strand Atkinson Williamson](#) and York, the brokerage arm of the \$8.6 billion-asset [Umpqua Holdings Corp.](#) in Portland, Ore. Since then, he has recruited 10 other representatives from other large brokerage houses, including UBS, Smith Barney and [Merrill Lynch](#).

"My view throughout my whole career was that small banks that had broker-dealer firms simply could not have the platform, technology and other resources for an adviser to meet the needs of clients," Noble says.

That may have been true a few years back, but regional and even some community banks' brokerage capabilities have improved markedly of late, and some brokers at the top wirehouses have taken notice.

Other regional banking companies that have recently tapped former wirehouse talent for their brokerage units include [PNC Financial Services Group Inc.](#) and [SunTrust Banks Inc.](#) Even the \$4 billion-asset [Beneficial Mutual Savings Bank](#) in Philadelphia recently nabbed an advisor from a "global bank," according to [Jim Quinlan](#), the president of [Beneficial Advisors](#).

That's not to say banks are necessarily top of mind for brokers looking to change firms.

[Darin Manis](#), the chief executive of financial recruiting firm [RJ & Makay LLC](#) in Colorado Springs, says that wirehouse brokers on the move - especially top producers - have many options, including jumping to a large rival and gain a hefty transition fee, or joining a regional brokerage firm or an established registered investment advisory firm, in which clients are charged ongoing fees for a broad advisory relationship rather than commissions for transactions.

Still, consolidation has created a fair amount of upheaval, and Manis says bank brokerages can be an attractive option for brokers because they are often havens of cross-selling opportunities.

"I think it's the main 'pro' banks have," he says. "The warm leads a bank provides is the number one reason someone would want to be at a bank."

Banks also tend to be more relationship-focused and therefore are often good landing spots for brokers looking to escape the pressure cooker of some larger wirehouses, he says.

Strand Atkinson's Noble said he expected to retire at one of the marquee firms but had grown increasingly disillusioned by the time Umpqua CEO [Ray Davis](#) reached out to him last year.

As larger firms bulked up through acquisitions, their cultures changed to the point where they are increasingly favoring the wealthiest clients and the biggest producers, Noble says. Investors with \$50,000 or \$100,000 who call seeking advice are routed to call centers, for

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example, and retention packages are offered only to the largest producers.

"I determined that it was time for a renaissance of the boutique firm," he says.

Strand Atkinson has just 16 brokers covering a territory stretching from Seattle to San Francisco. In his recruiting pitch, Nobel touts the firm's customer-service focus, the strength of the firm's parent company, and the fact Strand Atkinson brokers get to keep a larger chunk of their commissions. He says he expects the brokers he hired this year to generate between \$200,000 and \$400,000 of revenue this year.

That might not cut it a large brokerage house. Financial advisers who don't generate at least \$500,000 of revenue a year "are not the most loved" at big firms, according to Manis.

Then again, he adds, "banks are not looking for the cowboy on the range but for the mayor of the town."

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