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BROKER'S WORLD: Sontag Quits While Many Merrill Brokers Stuck

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START CONNECTINGBy **Annie Gasparro**
A DOW JONES NEWSWIRES COLUMN

NEW YORK (Dow Jones)--Some legacy Merrill Lynch brokers may feel like following executive Dan Sontag's lead and leave the firm, now a part of banking giant Bank of America Corp. (BAC). But many can't - unless they want to return their hefty retention bonuses.

The retirement of Sontag, which he announced to his brokers Tuesday in a conference call, marked the exit of the last legacy Merrill brokerage executive standing. It came the day after Sallie Krawcheck, who spent years at competitor Citigroup (C), was put in above him as global wealth and investment management chief.

Still, the top-level shake-up in the brokerage division is unlikely to result in a mass exodus, as nearly the top half of Merrill Lynch's brokers are locked in by their bonus agreements for the next seven years.

More than 6,200 advisers signed retention contracts offered by Bank of America following news of the acquisition late last year. Of the top-producing brokers, who bring in \$1.75 million or more in fees and commissions annually, more than 99% agreed to stay on and got upfront bonuses of 75% of their annual production.

After former Merrill wealth management head Bob McCann left the firm in January, Sontag was the last legacy Merrill executive left at the combined brokerage. Rumors of an impending departure circulated for months, but word of it still upset many in the firm on Tuesday.

Now, the 15,000 Merrill brokers are left wondering what direction the new firm is headed under Bank of America's umbrella. And some felt abandoned by Sontag.

"He gets to go lay out on the beach somewhere with his millions, while we're stuck here in the trenches," a branch manager for Merrill Lynch said. "My guys are worried we're going to turn into bankers now."

One broker, who accepted a retention deal of more than \$500,000, admitted to feeling "duped." He said it was Sontag who sold him on the package, predicting a great future for the brokerage. In Tuesday's call, Sontag told brokers he was leaving because he couldn't put his "whole heart" into the new company.

"What we signed up for isn't what we have right now," the broker said.

Darin Manis, recruiter with RJ & Makay, said "Sontag was the last of the senior leaders from Merrill and widely respected by the Thundering Herd." With Sontag gone, the path is clearer for Bank of America to impose its more staid culture on the more hard-charging Merrill brokers, he said.

That transformation, projected by many, hasn't really taken place yet.

"So far things have gone pretty well for the Merrill guys," said Bill Willis, recruiter with Willis Consulting. "There has been much more turmoil on the investment

banking side than the retail side."

A Merrill spokeswoman declined to comment for this story.

(Annie Gasparro writes about financial advisers and their jobs, with a focus on the challenges brokers face as the industry moves from traditional stock brokerage to high-net-worth wealth management. She can be reached at 212-416-2244 or by email at annie.gasparro@dowjones.com.)

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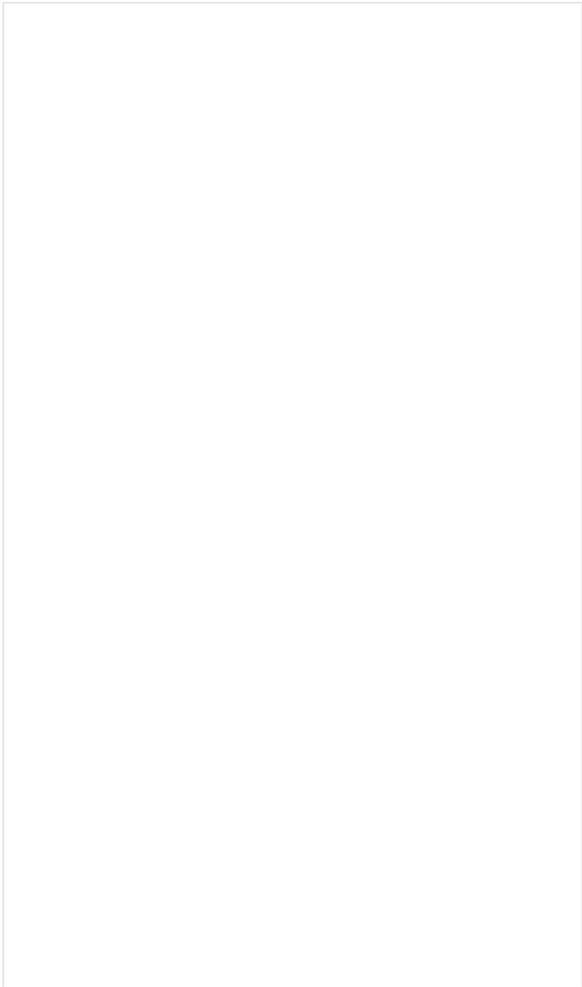
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