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UBS hires 132 advisers from U.S. rivals: source

Fri Dec 5, 2008 3:04pm EST

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By Bob Margolis

NEW YORK (Reuters) - Swiss bank UBS AG's (UBSN.VX: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) U.S. asset management unit recently hired 132 financial advisers from rivals including Morgan Stanley (MS.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), Merrill Lynch & Co (MER.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and Citigroup Inc's (C.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) Smith Barney, a source at the unit said on Friday.

The new hires, who managed \$14 billion in client assets at their former employers, suggest UBS is aggressively recruiting advisers despite recent hits to its reputation, including a U.S. government probe into whether it helped clients dodge taxes.

The U.S. unit, UBS Wealth Management, poached 55 advisers from Morgan Stanley, 44 from Merrill Lynch, 19 from Smith Barney, and 14 from other rivals, the source said.

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"UBS is taking advantage of market disruptions within the brokerage industry and, by nature of the size of the up-front offers they are making, they stand to benefit from this game of broker musical chairs," said Robert Ellis, senior vice president of wealth management at Celent, a Boston-based consulting firm.

UBS, which hired the advisers over the two weeks ended November 28, has had struggles of its own, including write-downs totaling billions of dollars and problems connected to auction-rate securities.

"UBS is offering deals well above everybody else on the Street," said Darin Manis, chief executive of RJ & Makay, a Colorado-based recruiting firm. "They might say it's not about the money, but it is."

The UBS source disagreed, saying the firm's offers to advisers are no higher, on average, than those of its rivals.

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GLOBAL FINANCE:
Banking spin
James Saft

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But a source at Morgan Stanley, who asked to not be identified, said, "When UBS says they are in line with what other houses are offering, that is simply untrue. They are the richest deal on the Street, and the numbers they are throwing out there we see as an act of desperation."

One industry recruiter said UBS's bruised-but-not-broken reputation is an effective recruiting tool: "Yes, the deals are good and they have good managers, but ultimately UBS never went through a weekend of death, while the other big houses did."

The U.S. government is investigating whether UBS helped wealthy Americans dodge taxes through Swiss bank accounts. The bank said last week it had uncovered a limited number of tax fraud cases.

Among the top hires:

* The team of Barry Elkins, Pamela Davies, Ellen Jones and Andrew Le, from Morgan Stanley, will set up shop at UBS' Menlo Park, California, office, carrying with them \$5.3 million in combined production -- fees and commissions -- and \$774 million in client assets.

* Morgan Stanley will also lose the Atlanta-based team of Andy Zager and Michael Friedman, who will bring \$3.5 million in combined production and \$262 million in client assets to the UBS office in Atlanta, where they will report to branch manager Jerry Johnson.

* The UBS Bloomington, Minnesota, office will make room for the Morgan Stanley team of Michael Engelmann and William Ogdahl. The Engelmann Wealth Management Group will report to Karen Heintz, bringing \$2.3 million in combined production and \$168 million in client assets.

* Citi's Smith Barney brokerage house will lose Greg Mowrer and Tom Cavada, both after a decade of service. The pair bring \$3.4 million in production and \$386 million in client assets to the UBS midtown New York City office, where they will report to John Alex, branch manager.

* Peter Zubizarreta and Randall Bodne, also from Smith Barney, have joined UBS' Miami office. Both brokers had \$1.1 million in production and managed \$135 million of client assets.

(Editing by John Wallace)

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