

\$900 million Merrill team creates RIA firm

By **Jed Horowitz**
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A team of Merrill Lynch brokers in Westport, Conn., with about \$900 million of client assets has left and created its own advisory firm, foreshadowing what many expect to be a broader migration as the New York-based company prepares to be acquired by Bank of America Corp.

Kevin Burns, William Lomus, William Loftus, and Jim Pratt-Heaney — known as the LLBH Group at Merrill Lynch & Co. Inc. — have left the firm and set up shop in Westport, Conn., as LLBH Group Private Wealth Management, according to Pershing Advisor Solutions, which is the group's primary custodian.

An official at Merrill's Westport office confirmed that the quartet left last Friday.

Mr. Burns and Mr. Lomus began their careers at New York-based Paine Webber Group Inc. in 1981.

After sojourns at other New York-based firms, they joined Merrill in 2000 and 1998 respectively, according to Fund Fire, which reported the move today.

Mr. Pratt-Heaney and Mr. Loftus worked at the former Prudential-Bache Securities Inc. of New York in the early 90s joined Merrill in 1998.

Merrill, struggling with five consecutive quarters of losses, announced in late September that it would sell itself to Charlotte, N.C.-based Bank of America but has not yet disclosed retention packages it will be offering its army of more than 16,000 financial consultants.

The fact that the LLBH team created a free-standing RIA firm before those packages were announced and didn't bolt to other wirehouses offering big recruitment packages says as much about the wirehouse model as about the upcoming merger, said a billion-dollar Merrill producer in New Jersey, who sought anonymity.

"The competitive advantage of a wirehouse platform has become a disadvantage. The paradigm has changed," he said, adding that there are plenty of midlevel Merrill advisers who are likely to stay put.

A Merrill Lynch spokeswoman did not return calls for comment.

Wirehouse brokers industrywide are being heavily recruited.

"We could have made \$4 million to \$5 million to move our business to Merrill or Morgan Stanley of New York or Wachovia [Securities LLC of Charlotte, N.C.]," said Ben Valore-Caplan, who left Zurich, Switzerland-based UBS AG's U.S. wealth management business in August after eight years to set up Syntrinsic Investment Counsel, a six-person firm in Denver that custodies with Pershing and The Charles Schwab Corp. of San Francisco.

Syntrinsic manages \$750 million.

"They are all calling pretty aggressively in this environment," he said.

Custodians, of course, also are looking for business from wirehouse brokers.

"We are talking to close to 100 teams with close to \$24 billion in assets that are contemplating leaving a wirehouse and becoming independent," said Jim Dario, who oversees business development at Pershing Advisor Solutions in Jersey City, N.J.

The brokers did not return calls for comment.