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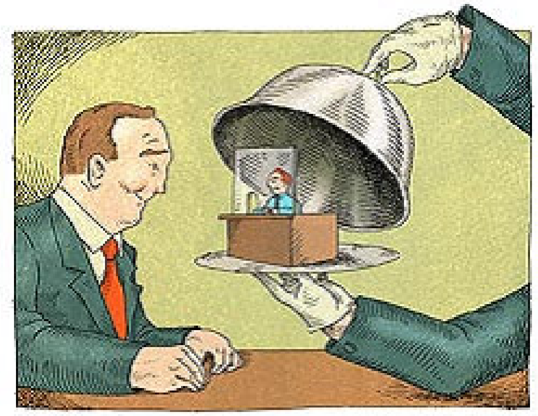
Wesley Bedrosian

An Excerpt from:

Advise -- and Consent

Financial advisers to the super-rich pick up where private banks leave off

By SUZANNE MCGEE

STAN PANTOWICH WON'T WALK YOUR DOG, but he'll help you find someone who will. He'll also find someone to fire your chauffeur, interview nannies, and lend you the money for your new vacation home. Pantowich, chief executive of New York-based **TAG Associates**, isn't your average Guy Friday, or even a private banker.

He's one of a growing breed of advisers who cater to the super-rich, generally defined as people with more than $50 million of total assets. **TAG** 's goal, he says, is "to find the best of the best of anything for my clients," from hedge funds to loans for private jets or Italian vineyards.

Once upon a time, such services fell to private bank and trust advisers, who bent over backward to meet the personal and financial needs of their wealthy clients. As growing numbers of Americans acquire greater wealth, however, they are turning increasingly to specialized advisory firms and family offices, which handle tasks as mundane as record-keeping and as complex as financing the purchase of a Gulfstream jet.

These firms are far more sophisticated than the general run of financial advisers, who help the merely modestly wealthy organize their finances. A typical financial adviser might assist a client in devising an asset-allocation plan, and then select the stocks, bonds and mutual funds through which to implement it. High-end boutiques, on the other hand, help clients navigate the rarified world of private banks, hedge funds and venture-capital partnerships. Many have their own investment-research departments, and access to exclusive investment opportunities.

In many ways, these advisory boutiques combine the skills and services offered by a corporate chief financial officer and the consulting firms that cater to pension funds and endowments. Some call themselves multi-family offices, and are organized to manage the financial, legal, accounting and related needs of several wealthy families. But they also will cater to wealthy individuals who need assistance in bringing order to their complex financial lives.

Morris W. Offit, a co-chief executive of Offit Hall Capital Management, based in New York and San Francisco, defines his role as that of a wealthy family's chief investment officer. "We think strategically across all asset classes on behalf of clients, and we have relationships with providers that go back a decade or more," he says.

In the view of many clients, whose net worth typically exceeds $50 million, private banking has become commoditized, Offit says. "Our clients see us in much the same way that they see their lawyers, as trusted advisers," he notes.

That vision comes with a hefty price tag . Offit doesn't require potential clients to meet a certain threshold of wealth, but they must be able to pay his annual six-figure fee. (Like most wealth advisers, he won't discuss the specifics of compensation.)

Firms such as **TAG**, Offitt Hall, Greycourt and Geller aren't household names, at least not in most American households. The people most likely to need their services -- and most able to afford them -- generally learn of such outfits by word of mouth. Advisers to the wealthiest Americans are well known, too, to private bankers, who have discovered they must build relationships with these gatekeepers in order to woo new clients.

Wealth advisers typically earn a fat annual fee for providing objective counseling to clients and shielding them from Wall Street's marketing pitches. The super-rich "increasingly are saying they want someone sitting on their side of the table in negotiations with investment firms and private banks, who will represent only their interests," says Sara Hamilton, founder of the Family Office Exchange, a Chicago-based forum for wealthy families.

To be sure, private banks have been trying to shrug off the sales culture that dominated the business for decades, but change isn't happening fast enough for many potential clients. For example, they complain the banks are giving only lip service to "open architecture", or access to the funds of other investment firms, while pitching their own funds aggressively.

Clients also want more hand-holding from their primary financial advisers than many banks are prepared to give, says Charlotte Beyer, founder and CEO of the Institute for Private Investors, in New York. In part, that's because the investment world has grown more complex, and new opportunities can be hard to research and evaluate.

Then, there's the issue of status. While the ultra-wealthy are small fry compared with giant pension funds and endowments, many don't feel like it. Nor do they want to be treated like folks with just a few million dollars in their pockets. Says Beyer, "One investor told me, 'Now that I'm wealthy, I don't want to be retail any more'."

Indeed, the growth of high-end advisers is changing the game for private banks, and in some cases reducing their role primarily to that of investment-product providers. Advisory boutiques "can get very close to clients," says Maria Elena Lagomasino, CEO of JPMorgan Private Bank.

Alternately, she argues, big banks can provide more comprehensive research on a greater range of products and strategies than even the most research-intensive boutique. "We have more people studying topics in depth," she says. "They can profit from our strength in research, as we can profit from their close ties with clients."

Some investors turn to specialized advisers for help in finding unique investment vehicles and strategies not available to the general public, or even most private-banking clients. Advisory firms, in turn, provide access, and the necessary introductions.

In addition, they serve as a third voice at the table, offering an alternative to the banks' potential conflicts of interest. Gregory Curtis, chairman of Greycourt, a Pittsburgh-based wealth advisor founded in 1998, says his 60 or so clients -- most of whom have assets of around $100 million -- constantly search for unconflicted advice. "We design a custom strategy for clients, and figure out which bank's products are best for each part of the portfolio," he says. "[My clients] don't want to go to bed at night wondering why their banks recommended emerging markets, and then put them in the banks' own emerging-markets funds" rather than those of a competitor.

"We are the manager who helps select the managers," Pantowich says.

Many of today's wealth advisers shun the old-style concierge services long associated with private banks. That's why **TAG** 's Pantowich won't walk the dogs, though finding the right dog-walker, he says, is part of building a client relationship. "Offering basic services like bookkeeping is the glue that holds this together," he says. "You have to be able to tell clients how much they gave to charity, or how big the Saks bill was last month. That's the sort of service they need."

Pantowich's clients include bankers, buyout experts and other financiers, one of whom borrows from a giant bank to run his business. "He went to the bank to finance his plane, but he's not using any of the bank's investment products," he says. "If the right answer isn't at a bank, the client will go elsewhere. It's up to us to find that answer."