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Investing

Advisers leave Cincinnati Smith Barney to open independent brokerage firm

Business Courier of Cincinnati - by [Steve Watkins](#) Staff Reporter

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Jeff Vollmer knew he needed to make the leap, even though he was sacrificing some security.

Vollmer and three other financial advisers left the downtown [W](#) **Smith Barney** investment brokerage office Feb. 13. Vollmer and Brian Herking had decided to go off on their own. They formed [W](#) **Hyde Park Wealth Management**, in a small Hyde Park Square office. The other two, Dan Jones and Rick Corman, went to [W](#) **UBS Financial Services**.

But Vollmer and Herking decided to go the independent route. That wasn't easy. Vollmer, who is 39 and had spent nine years at Smith Barney, said he had plenty of opportunities to join other big brokerage firms, known as wire houses. But he saw that as similar to

Smith Barney.

"I enjoyed my time there, but I felt it was time to concentrate on relationships," Vollmer said. "These firms are pretty interchangeable."

[W](#) **Morgan Stanley** and Smith Barney are in the midst of joining forces, and a lot of the major brokerage firms have run into problems lately.

So instead of taking a bonus payment to join another firm, he and Herking went on their own.

Vollmer doesn't plan to bring all of his clients over from Smith Barney. He's targeting those who allowed him and Herking to manage their accounts with full discretion. Of those, they have commitments from 80 percent to move their accounts. He's leaving behind about 18 percent of clients.

Hyde Park Wealth Management aligned itself with [W](#) **JPMorgan Chase & Co.**, which will provide clearing and custodial services. It also has access to JPMorgan's research services.

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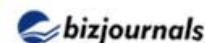
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Vollmer and Herking provide financial planning and wealth management services for a base of about 100 clients with about \$30 million in assets.

The pair focus on asset allocation as the key to generating returns. They go beyond stocks, bonds and cash. They also use noncorrelated assets, such as commodities or currencies, Herking said. Managed futures and hedge fund come into play, too.

“With exchange-traded funds, there’s a lot you can do from a hedging standpoint,” he said.

The main attraction to being independent is that you get to run your own business, said Jim Strauss, who runs his own downtown brokerage office.

“There are no expectations of sales goals or pressure to sell particular securities products,” he said.

Independent brokers get a greater payout on fees and commissions they generate, he said. But they also are responsible for their own overhead costs and developing their own research and client base.

Fifth Third shareholders could be stressed

A new [Morningstar Inc.](#) analysis shows that [Fifth Third Bancorp](#) could have problems when it faces the [U.S. Treasury Department’s](#) “stress tests” for banks.

The Treasury will run the test over the next couple of months. The goal is to determine how banks’ capital will stand up to various economic scenarios.

Morningstar ran a similar test, although analyst Jaime Peters admits in his report that the test lacks the sophistication of the government’s version.

Fifth Third failed the Morningstar study, as did half of the 14 large banks Morningstar studied. It examined banks’ ratios of tangible common equity to tangible assets and used a standard loss rate for all banks.

Using that scenario for the next two years, Morningstar figures Fifth Third would have a capital shortfall of \$798 million.

Peters emphasized that failing to pass the stress test does not put a bank in danger of being shut down.

“In fact, failing our test does not necessarily even require these banks to raise new capital,” he wrote.

But it could cause the government to convert some of its preferred stock into common shares.

Peters figures Fifth Third will need to do that and raise more government capital. Those moves would dilute current shareholders by 35 percent, he said.

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