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## SocGen-Rockefeller deal under a magnifying glass

Thomas Coyle - 18 June 2008

**SG Private Banking** (SGPB), the wealth-management division of Paris-based **Société Générale**, has taken a 37% stake in New York-based **Rockefeller Financial Services**, the parent company of multifamily office **Rockefeller & Co.**

The move gives SGPB opportunities to increase its exposure to ultra-high-net-worth investors, especially in the U.S. Meanwhile Rockefeller & Co. gets access to the French bank's expertise in structured products and alternative investments and, potentially, entrée to markets -- especially in Europe and Asia -- in which it is not now a significant player.

"Our strategic alliance with [SGPB] provides Rockefeller & Co. with access to resources that will broaden and deepen our best-in-class service to our clients, and today's announcement is a first step towards further exciting initiatives for both of our organizations," says Rockefeller & Co.'s president and CEO **James McDonald**.

The deal calls for McDonald to join SGPB's executive committee and for SGPB's CEO **Daniel Truchi** and **Marc Stern**, chairman of Société Générale's North American investment-management division, to join Rockefeller & Co.'s 11-member board.

### On the prowl

Precise terms of the transaction weren't disclosed, but overall, the watchword for the tie-in -- now and going forward -- is "partnership" rather than "integration," according to **Peter Rockefeller**, a managing director of the New York-based investment bank **Berkshire Capital** and a member of the family that owns most of Rockefeller Financial Services.

"The [Rockefeller] family controls Rockefeller & Co. and will continue to do so," says Peter Rockefeller. "This is not a phased sale."

Rockefeller & Co. is the successor to the **John D. Rockefeller Family Office**, which was founded in 1882 and became a commercial multifamily office about 100 years later. Though it caters to some institutional clients, its mainstay is providing wealth and investment-management services to families with more than \$30 million in investable assets.

It's a rumor of long standing that McDonald had been looking for an overseas partner for Rockefeller Financial Services. The idea was that an alliance with a big institution would help defray expenses to the Rockefeller family, first by means of a more or less immediate payout, and then by giving Rockefeller & Co. an opportunity to add non-U.S. clients, both for its multifamily office and for **RockIT Solutions**, its high-end data-aggregation and performance-reporting unit -- assuming that keeping RockIT is in Rockefeller & Co.'s game plan.

The thinking had been that Rockefeller & Co. would choose an Asian partner. As it happens Truchi was head of SGPB in Asia for about a decade before he replaced **Pierre Mathé** in the top slot early in 2007.

Rockefeller & Co. now declines to say how it views its business units' prospects for on-the-ground expansion in non-U.S. markets as a result of its partnership with SGPB.

### Points of similarity

Truchi says SGPB's new "relationship" with Rockefeller & Co. stands to "increase [SGPB's] capability to provide a dedicated offering to ultra-high-net-worth clients and family offices worldwide, [which is] a key client segment of our growth strategy."

In that sense, SGPB's move on Rockefeller & Co is another example of a large bank taking a stake in a successful wealth-management boutique to boost its exposure to the ultra-affluent, according to **Elizabeth Nesvold**, managing partner of New York-based M&A consultancy Silver Lane Advisors -- with the added and vital difference that SGPB is associating itself with one of very best brands in the business.

"This is a big win for [SGPB] because 'Rockefeller' is a world-renowned name that's synonymous with family wealth," says Nesvold.

SGPB "isn't known as a gatekeeper to [ultra-high-net-worth] families," adds Nesvold. Wealthy families tend to use its investment-management and private-banking capabilities "for bits and pieces of their overall financial picture, but [the

partnership with Rockefeller & Co.] gives it a chance to elevate the commodity-based relationship."

By the same token, Atlanta-based **SunTrust Banks** "wasn't truly competitive for the \$50-million-and-up market until it acquired [**Asset Management Advisors**], now called **GenSpring**," says Nesvold.

Similarly ownership of multifamily offices such as **Calibre**, **Hawthorn**, **Sterling** and **Convergent Wealth Advisors** have increased exposure to sticky, ultra-high-net-worth assets for **Wachovia**, **PNC**, **National City** and **City National** respectively.

Again though, Peter Rockefeller stresses that SGPB's involvement with Rockefeller & Co. "isn't an example of integration on the level of a Calibre-Wachovia."

Nesvold also notes that SGPB's tie-in with Rockefeller & Co. makes an up-market complement to its acquisition in January 2008 of **CWM Group**, a Calgary, Canada-based financial-planning firm that works mainly with low-tier millionaires.

SGPB has about \$110 billion in assets under management and staff in 25 countries.

Rockefeller & Co. had \$29 billion under administration at the end of March 2008 including \$7 billion in assets under management and \$5 billion in assets under third-party advisement. In addition to its headquarters in New York, it has offices in Boston and Washington, D.C. -FWR

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