



## Northern Trust Buys Ohio RIA in Growth Push

Article published on June 27, 2008

By Tom Stabile

[Northern Trust](#)<sup>1</sup> of Chicago is acquiring an independent wealth advisory shop in Cleveland, the first step in a growth spurt that will entail buying independent advisors in certain markets. The search will be “deliberate” and will focus on advisors that can help Northern’s wealth management business grow in staff and asset size in markets where it already has a single-office presence.

The acquisition is part of a strategy to grow in certain markets, but doesn’t take precedence over Northern’s historical bent toward opening de novo offices, says Sherry Barrat, co-president of Personal Financial Services, the company’s wealth management division.

Northern is buying [Lakepoint Investment Partners](#)<sup>2</sup>, which oversees \$586 million in client assets for individual high-net-worth investors, corporations, and institutions. Lakepoint’s clients are predominantly individuals with at least \$1 million in assets, and its team will work in Northern’s client segments serving investors with \$1 million to \$5 million and \$5 million to \$200 million, Barrat says.

Lakepoint is a good fit on several counts, Barrat says. “First of all, their client base is very attractive to us,” she says. “The people in the firm are frankly our kind of people. And it was a case where they can see that joining Northern will really add value for their clients.”

Lakepoint’s co-owners, Mary Lynn Laughlin and Douglas Wang, will take senior v.p. posts at Northern Trust, along with Joe Thomas, another Lakepoint executive. Four other Lakepoint staffers will also come over in the move, and they all will probably move into Northern’s existing Cleveland offices at 200 Public Square. The deal is slated to close Sept. 30, and Barrat would not discuss its terms.

The firm fits Northern’s general aim to “bulk up” in markets where it has a single office that it established from scratch in the past, Barrat says. Cleveland fits the bill, with an office Northern opened in 2000. Other cities where it has a single-office wealth management presence include New York, Milwaukee, Denver, Seattle, Las Vegas, Boston, Minneapolis, St. Louis, and Austin, Texas. Overall, Northern’s wealth division has 85 offices in 18 states, including 19 in its home Illinois market and 25 in Florida.

“We would never turn down a great opportunity in other markets as well,” Barrat says. “But this is primarily a completion strategy to add talent and clients where we have a smaller presence. We have a very deliberate approach – nothing huge, but just focused looking in these particular markets. It’s not always easy to find firms that are just the right fit, where owners of the firm feel Northern can add value for them and vice versa.”

The typical target firm would have anywhere from \$500 million to \$1 billion in assets, but Barrat adds that “we never say never” about larger potential acquisitions. She says smaller firms generally don’t require a “huge culture shift” and allow integration “without distracting our own people from taking care of our clients. That said, if something just right came along that was bigger, we’d take a look.”

Northern might also look at acquisitions in two other markets it intends to enter – Philadelphia and Washington, D.C. Though it would prefer to open new offices, it bought Legacy South, an existing independent wealth manager, when it entered the Atlanta market several years ago.

Acquisitions of independent wealth firms have been rare for Northern, though it has bought several smaller banking organizations in recent years. The new growth push looking at independent firm acquisitions is “a question of trying to get more focused about it,” Barrat says. “We’re always looking. We’ve been opportunistic about it. While it is probably a good time to buy, that really isn’t the main driver.”

“They are very selective about markets that they’ll go into de novo versus acquisitions,” says Elizabeth Bloomer Nesvold, managing partner of [Silver Lane Advisors](#)<sup>3</sup>, an investment bank in New York that handled the Legacy South sale in 2003. “Don’t expect them to go out and roll up [independent registered investment advisors]. Expect very specific research on geographic markets they want to be in to target the best candidates for partnership. It’s hard to find a perfect fit for Northern, but they’re out there.”

Part of the challenge in finding a fit is that Northern has a highly structured approach to investing in which it expects its wealth advisory teams to follow the company’s investment policy guidelines and recommendations, which are developed in a careful orchestration of efforts by a series of in-house committees. While the teams have leeway to shape client portfolios based on specific account-level or client-level reasons, such as concentrated holdings that require special attention, the company frowns on advisors charting their own course, says John Skjervem, CIO for the personal financial services unit.

“If there is a big difference from the guidelines, I’m going to want to know why,” he says. “What I don’t accept is an advisor that goes it alone without any specific reasons, creating dispersion in our process [based on] advisor bias. I’m not saying the person might not be smart, but we’re trying to maintain a consistent investment experience and [the reputation of] a 120-year-old brand.”

In Lakepoint's case, the team will transition from what is essentially a large-cap quality growth stock-picking specialty today to the Northern model, Barrat says.

That expectation for acquired wealth shops to adjust their models shouldn't be a barrier to future deals, Nesvold says. "In this environment it might make it easier, because for typical [independent advisors], what many of them are lacking is broader resources. Here they get to tap into trust, private banking, and product offerings. And for people in the front office, it's a big weight off."

Northern reports overall wealth division assets under management of \$146 billion.

[www.fundfire.com](http://www.fundfire.com)