

Ideas and Insights for Wealth Managers

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Rallying the Recovery Team

How financial advisors help their
clients when disaster hits

Edward Blumenthal, left, and Mark Eskin,
right, executive vice presidents at
Janney Montgomery Scott wealth
management team Stedmark Partners

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From left, Janney Montgomery Scott advisors: Executive VP Mark Eskin, First VP Gretchen Zierolf, Executive VP Edward Blumenthal, joined by firm SVP and Director of Private Client Group Administration Chris Munafa



When Janney Montgomery Scott advisor Mark Eskin called one of his practice's long-standing clients on August 31 following Hurricane Irene, it started out as a routine call.

Eskin, who is based in Philadelphia with his team, Stedmark Partners, wanted to go over a few things with his 83-year-old client about her accounts. But as talk turned to the powerful storm that struck the East Coast the previous weekend, one thing quickly led to another.

His client, an elderly Connecticut resident, confessed that she had been living without power for days since the storm hit. Her meals during that time consisted of warmed-up canned soup, which was quickly getting old.

"Boy, wouldn't a pizza sound good right now?" Eskin says he teased the client, who he declined to name because of client confidentiality rules. "She said, 'Oh, a pizza sounds wonderful.' And I said, 'What do you like on your pizza?'"

The octogenarian woman, who has been a client of Eskin's financial advisory practice for more than three decades,

thought he was kidding. He wasn't.

"As soon as we got off the phone, I had one of the assistants on my team scrambling to find a pizza place in her neck of Connecticut that was in business and had power of their own," Eskin says.

Once the team ordered the pizza, they could only hope it would arrive at the client's door. Hours later, around 8 o'clock in the evening, Eskin called the client again and breathed a sigh of relief. Not only had the client received the delivery, but she enjoyed it on her porch with a neighbor and a bottle of wine.

"It was just one of those feel-good moments that we stumbled into," Eskin says. "We had been reaching out just to a lot of clients by telephone, just to make sure everybody is okay," he says.

As with Eskin's Janney team, Hurricane Irene provided a new opportunity for financial advisors along the East Coast to reach out and check in on their clients. And for wealth management firms that have boosted their disaster preparedness programs following events like the terrorist attacks of Sep-

tember 11, 2001 or past hurricanes, it provided a new opportunity to put those measures to the test.

For Janney, a Philadelphia-based financial services firm also serving corporate and institutional clients, September 11 really inspired the current version of the firm's disaster preparedness plan, says Chris Munafo, Senior Vice President and Director of Private Client Group Administration.

Ten years ago, September 11 made the idea that one event could affect an entire region a reality. In the following ten years, other threats like a swine flu outbreak have made having regional contingency plans just as important as local ones, Munafo says.

"When you look at the entire plan, what we try to do is provide thorough communication, anticipate issues and questions—whether from employees, clients or regulators—and we try to get in front of them," Munafo says. "We try to address them so that we provide that information out before someone has to ask the question."

Janney's emergency plan calls for

Rallying the Recovery Team

How advisors help their clients when catastrophes hit

By Lorie Konish

Photography by Michael Branscom

Cover Story

two branch network systems. When just one branch is shut down due to unforeseen circumstances, such as flooding, its calls are rerouted to a local functioning branch. That “buddy” branch is also given temporary access to client information.

In a case like Hurricane Irene, however, where a branch in New Haven, Conn. faces the same challenges as a Boston office, Janney will do that same transfer to a more distant branch outside of the region.

Janney’s technology team has remote disaster recovery, information technology and backup sites. It also has a system to monitor each branch remotely. By pinging each branch, they can see if the branch is up and running or if there is a power issue. If something is amiss, an emergency notification message can be sent to start preparations to tackle that issue.

That message is just one of the multiple communications that take place during an emergency situation like Hurricane Irene, Munafo says. That includes notifying clients via an external website that their information is safe and letting them how they can connect with a financial advisor. Internal communication is just as important. Over the weekend that Hurricane Irene hit, Janney had more than 3,000 hits to its internal employee disaster recovery website for updates.

“With Irene, we saw this one coming, which made it a little easier,” Munafo says from his Philadelphia office with views of neighboring New Jersey that was directly in the storm’s way. “We do have a lot of branches sitting right in the path.”

On the Friday afternoon before the storm was expected to make landfall, Munafo

You always have to over prepare with the hopes that you’ve wasted your time.

-Chris Munafo



reached out to regional managers responsible for the branches directly in the hurricane’s path. They set up a communication tree with the branch managers for regular updates on their safety and power access at home. With the storm, 22 Janney offices lost power. By the following Monday morning, only five offices were still without power. By late that same morning, only one office was still affected.

“You always have to over prepare with the hopes that you’ve wasted your time,” Munafo says. “We spent an awful lot of time in the week that we knew [Irene] was coming and, at the end of the day, we didn’t need to do most of what we did, but we’ll continue to do that.”

Janney’s preparation aims to make its financial advisors feel more comfortable during unforeseen events. Ed Blumenthal, the other lead partner working alongside Eskin at Stedmark Partners in Philadelphia, says the preparations have made him more confident. “I’m actually really comfortable over the past few years with the protocol of the firm and what they’ve done and backup sites,” Blumenthal says. “It’s pretty clear that if there were to be some kind of emergency that I

would not be able to get to work, I would have several different steps” including working from a remote location or using an emergency call center.

Eskin and Blumenthal teamed up seven years ago when Stedmark Partners’ founder Stanley Singer decided to retire. They hired financial advisor Gretchen Zierolf from Wells Fargo Private Bank

18 months ago. Eskin and Blumenthal were named to *On Wall Street’s* Top 40 Under 40 ranking of financial advisors in 2006 and 2007. Together, the team now oversees about \$800 million in client assets.

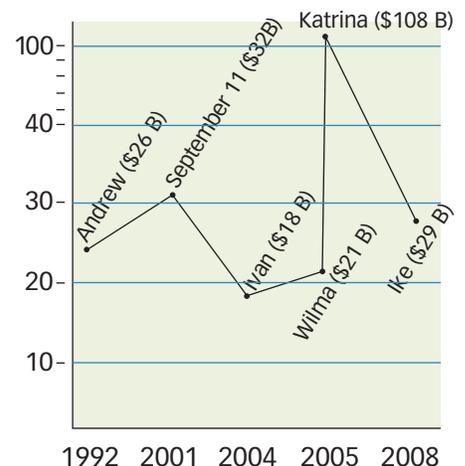
Though Hurricane Irene did not greatly affect Stedmark Partners’ Philadelphia location, checking in on clients by phone was

a team effort among its advisors and support staff in the days following the storm. When another client’s vacation home in Connecticut ran out of power, they needed a hand pump. The team then contacted another Janney advisor in the area to try to get that for them. When they could not find a pump, they sent a care package instead that included some of Philadelphia’s signature foods, from soft pretzels to Tastykakes.

“We certainly weren’t able to get to every single client that lives in New England,” Eskin says. “But we reached out to some significant relationships where people that we knew were a little bit more vulnerable just to make sure they were in good shape.”

For wealth management firms that had

PRICES PAID FOR STORMS AND OTHER DISASTERS



Storm damages according to the National Oceanic and Atmospheric Administration. September 11, 2001 insured losses according to the Insurance Information Institute. Numbers have not been adjusted for inflation.



We reached out to some people who we knew were a little bit more vulnerable.

-Mark Eskin

Cover Story

branches closer to Hurricane Irene's direct path, the event provided another test to their emergency response systems. Hilliard Lyons, which is headquartered in Louisville, Ky. and has branches in North Carolina and South Carolina, was one such firm.

Hilliard Lyons' branches in the path of the hurricane faced wind, heavy rain and power outages. The firm regularly kept in touch with those branches and their needs, and had laptops and a backup phone system ready in Louisville to take over.

"The good news is that none of the phone lines went down," says Hilliard Lyons Executive Vice President Darryl Metzger. "If we had to flip that switch, we were ready, but we didn't have to."

Preparation for Hurricane Irene started five days in advance of the storm. That included checking to see that employees located in the storm's path had laptops and cellular cards or docking stations. Had there been a need for it, Mike Seibert, senior vice president of Hilliard Lyons' Private Client Group and a liaison to the firm's disaster recovery group, says he would have driven to the area from Louisville to help set up temporary work stations.

Fortunately, Seibert says, that was not necessary, and the storm ultimately moved north. But Seibert can remember other storms where the firm was not as lucky.

During an ice storm in Kentucky about two years ago, Seibert remembers that the Western Kentucky Turnpike that spans a couple hundred miles was covered with trees. Just one lane had been cleared with a chain saw. That storm required more thinking outside of the box to quickly evaluate the storm's impact and find a way around it, Seibert says. "When 9/11 hit that's when we really started to get into action on what do we do in situations like this?" he says. "It depends on what the situation is."

Edward Jones advisor Mike Goodwin, a south Florida native with an office in Belhaven, N.C., can rattle off a list of names of hurricanes like a group of old friends. That includes Bertha, Fran, Dennis, Floyd, Isabel and now Irene, and each of them is different, Goodwin says.

"Floyd caused incredible flooding west of here, but we didn't get as much here with

If there was an emergency that I would not be able to work, I would have several options.

-Ed Blumenthal



Floyd. Isabel didn't cause the flooding but it pounded through so quickly it busted all the power poles through Hyde County," Goodwin says. "You prepare for the worst, you hope for the best, then just make sure you're in contact with people."

For Goodwin and his office administrator Samantha Ogburn, preparation for Hurricane Irene included unplugging computers and moving them to closets on the Friday before the storm arrived. They also covered up what they were not moving with garbage bags. Goodwin says he checked on the office roof and windows, and then checked in with clients to see if they needed help securing their homes. He also kept in touch with various Edward Jones departments throughout the storm.

"The biggest problem with Irene that we had here was the water," Goodwin says, including a flash flood in Belhaven that put its downtown businesses under about four feet of water. His office was more fortunate, as it is build up more than four feet and is located on a ridge. Still, the water got within about six inches of the sub flooring of this office. "The constant wind blowing and the 18, 20 inches of rain that we got dropped a lot of hard wood trees, a lot of oaks and pear trees and pecan trees and walnut trees," Goodwin says. "A lot of them just toppled over."

As area residents continued recovery efforts in the days that followed the storm, including continuous clearing of downed trees, Goodwin says he was sometimes surprised when he came to check on them.

"The vast majority of them were saying, 'Look, I don't have any power. What's the market doing? How's my stuff doing?'" Goodwin says with a laugh. "It's amazing what people are concerned about [when

they are] cutting trees off their house."

As Goodwin lent a hand during that week with clearing trees and moving things, he also kept in close touch with his clients. That meant checking in to make sure that they were okay, but also reminding them of their investments and the best way to pay for any unfore-

seen damage. The best strategy, he says, is taking the capital from what is producing the least for the client.

"A lot of times if folks have had a traumatic event happen, they're just glazed over," Goodwin says. "They're not even thinking, and it's good to be able to be there and say, 'Hey, you've got this to help take care of that. This is why we put this aside just in case.'"

Goodwin says that included reminding some clients over the age of 70 that they have to take required minimum distributions for the year, in case they needed them now. He also discouraged other clients from draining their savings accounts at the bank. For clients that have lost their houses, Goodwin makes sure that they have contacted the Federal Emergency Management Agency, their insurers and checked in with their families.

In the week following Hurricane Irene, Goodwin says his local North Carolina community is still recovering. Some residents still do not have power. Driving into work, he noticed a home that had just had cedar trees removed from it in the past day.

Still, Goodwin is optimistic about the recovery. When Hurricane Floyd struck Greenville, N.C. in 1999, it left a total of 15 communities under 15 to 20 feet of water. Only the tops of building were visible. When the water finally did recede, the stench was terrible, Goodwin recalls. But if a visitor were to see that area today, they would never know that that had happened.

"What we're here for as financial advisors is more than just stocks and bonds, especially when things like this happen," Goodwin says. "Humanity is the first and foremost responsibility, at least that's the way I see it." **OWS**

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