



Rockefeller Sells Stake in Bid for Expansion

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One of the most iconic names in the U.S. wealth management market has sold a stake to a Paris-based bank as it bids to expand its model. The deal announced yesterday for **Société Générale**¹ to acquire 37% of the parent company of New York-based **Rockefeller & Co.**² is likely to provide capital and other resources for a major multi-family office business expansion – both in the U.S. and overseas.

The French bank and Rockefeller Financial Services closed the deal, which they are calling a “global alliance,” on June 10. The transaction links a global banking operation, including the SG Private Banking unit’s \$110 billion in client assets under management, with the famous Rockefeller name and wealth advisory business with \$29 billion in assets under administration.

The potential growth would come partly from Rockefeller now having capital to fund acquisitions and other growth moves in its core wealth advisory business, primarily in the U.S., but also would entail global expansion of the multi-family office model through a new joint venture between the two companies. That joint venture could give Rockefeller a boost in the nascent race by U.S.-based wealth advisory firms to spread the multi-family office structure overseas, especially in Europe. That’s “the fundamental opportunity” of the deal, says James McDonald, president and CEO of Rockefeller & Co.

“We believe that the combination of SG’s resources in 47 countries around the world including all of the major wealth centers... [along with] our model and reputation will fit well together,” he adds.

McDonald says the “high-quality, growth equity capital” coming to Rockefeller through the sale of the minority stake will “broaden and deepen” the firm’s existing business, which includes offices in Boston and Washington, D.C. Rockefeller’s primary focus is in investment advisory services for high-net-worth individuals, families, foundations, and endowments, but it also provides trust services and inter-generational planning to individual clients as well as middle- and back-office systems to other family offices through its Rockit Solutions subsidiary. The privately owned firm grew out of the family office built for John Rockefeller 125 years ago.

The deal's structure is unique for Société Générale, whose modus operandi for expanding into North America to date has involved outright acquisitions. But it also fits in with the philosophies for each firm, with Rockefeller maintaining an independent presence and Société Générale continuing its practice of letting its North American affiliates keep their own identities. For instance, Société Générale last year acquired [Canadian Wealth Management](#)³, an advisory firm in Calgary, and previously had acquired Los Angeles-based [TCW](#)⁴, a money manager, and both of those firms operate under their original names and models.

"It was very important that they have shown an ability to respect the independence and the identity of companies with whom they partner," McDonald says.

Keeping the stake as a minority interest also was critical for Rockefeller, McDonald says. "They have no rights to buy more, and it is our complete intention to keep it [as a minority stake]." The deal also calls for McDonald to join the SG Private Banking executive committee and two senior bank officials joining Rockefeller's board – Daniel Truchi, CEO of SG Private Banking, and Marc Stern, chairman of Société Générale Global Investment Management and Services for North America.

Rockefeller ends up in a strong position, McDonald says. "We think it's particularly timely to do this," he adds. "When other firms are laying off people, writing off bad investment products, and generally struggling, we'll be growing and adding resources."

McDonald says the deal was opportunistic, and that while Rockefeller's board has been studying ways to grow its business, it was not "shopping around" for a buyer or investor. "This was a uniquely good fit with zero competitive overlap," he adds.

The deal had been in the works for more than a year, and Rockefeller's board hit the pause button earlier this year when a trading scandal rocked Société Générale. The storm involved an employee's bad bets – allegedly made without authorization – that resulted in more than \$7 billion in write-downs for the company.

"Our board and senior management wanted to be very confident that the episode was not going to weaken Société Générale for the long run," McDonald says. "We're impressed with the way they have recapitalized in full, and the management evolution there has been very positive as well."

In addition to opportunities to expand, McDonald says Rockefeller and its clients will benefit from access to Société Générale's private banking network, products, and other resources.

Still, the deal's main benefit to Rockefeller is being able to reinvest in its business and match the advantage that some of its competitors in the multi-family office space already had thanks to capital from large investors or parent companies, says Elizabeth Bloomer Nesvold, managing partner of [Silver Lane Advisors](#)⁵, an investment bank in New York. She cites [GenSpring Family Offices](#)⁶ of Palm Beach Gardens, Fla., an arm of [SunTrust](#)

[Banks](#)⁷ of Atlanta, as well as [Convergent Wealth Advisors](#)⁸ of Rockville, Md., which grew out of Lydian Wealth Management.

“It also gives [Rockefeller] distribution opportunities in the European market with a respected name globally,” she adds. “And in terms of branding, it’s easy to bring the Rockefeller name to a non-U.S. clientele.”

For Société Générale, the deal offers a chance to tap into Rockefeller’s “expertise” in the now-developing multi-family office business in Europe, according to a statement the bank released. But the primary boost is planting a new stake in North America with a known name, says Alois Pirker, a senior analyst at [Aite Group](#)⁹, a Boston-based research firm.

“I would assume that more deals will follow, but maybe those will be outright acquisitions,” he says. “This would be the exception. It’s harder to manage a business with stakes in companies but not with a common strategy across all firms.”

The other interest for both companies is Rockefeller’s back office solutions unit, which Société Générale sees as promising for use both internally as well as for possible global expansion of the outsourcing business. McDonald says the new capital will be invested partly in new software development to further the Rokit business. “We expect to be the world leader in high-wealth systems and processing,” he says.

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