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Top Financial Advisers Handle More Than \$20B for Rich Here

FINANCE: Smith Barney, Merrill, UBS dominate, some independents

By Dan Beighley

ORANGE COUNTY BUSINESS JOURNAL STAFF

A look at the top financial advisers in the county shows how some of the richest here have their fortunes looked after. The Business Journal takes a look at the top 30 financial advisers in the county, starting on page 16. Together, they handle more than \$20 billion in investments for those who've made money selling businesses or in real estate, technology stocks and other areas. Some manage retirement money for workers at big companies.

The wealth they manage mirrors Orange County's economy.

The list was done by Boca Raton, Fla.-based Winner's Circle LLC, run by former financial adviser RJ Shook. His company does similar lists for Barron's and other publications.



Several OC financial advisers cater to the ultra rich with fortunes estimated at \$15 million or higher. They include No. 1 Michael Johnston of Smith Barney and No. 2 Tom Blanchfield and No. 5 Mark Binder, both of Merrill Lynch & Co.

Johnston said his biggest client is worth about \$20 billion and lives outside the country.

For most of the advisers, their clients fall into the just plain rich category with an average worth of about \$5 million.

Major Wall Street investment banks dominate the list of top advisers here.

Switzerland's UBS AG and Smith Barney, a unit of Citigroup Inc., scored seven advisers apiece. Merrill Lynch had six.

Whether it is outpacing inflation, saving for retirement or growing a newfound fortune, each adviser sells his or her own formula for success.

All have access to most of the same pools of stocks, bonds, mutual funds and alternative investments such as private equity and hedge funds.

But what makes a top adviser?

Shook ranks the advisers on a series of criteria that includes assets under management, revenue generated for their company and a good reputation, among other things.

The exact formula is kept secret by Winner's Circle.

To be selected for the list, advisers must be nominated by their company, Shook said.

For OC, there were a couple of hundred nominations.

Shook said he feels the universe of advisers here was looked at fairly.

An absence of some advisers on the list has to do with the nature of their relationship with clients, he said.

Advisers who only offer investments from their own company aren't included, Shook said.

They "have limited products they offer clients," he said.

Advisers on the list own the relationship with their clients and use whatever products they choose, Shook said.

According to many of the advisers, they feel there are certain "unmeasured qualities" that influence selection such as having a good reputation.

Shook said he takes a look at all of the advisers' records with NASD Inc. to make sure they're clean.

Beyond looking for a clean record, he also calls around to the advisers' peers to get a feel for how they do business.

For a final evaluation, Shook meets with the advisers.

"I act like I'm an investor," he said. "If an adviser just talks about money they're making, that's no good."

But size does matter. Shook said the amount of money an adviser manages is significant to the final ranking.

What's not important is the average account size and investment performance, he said.

To get into the investment performance of clients would get too complicated and would require them to submit audited records, he said.

Plus, some clients prefer conservative, slow growth, which would skew the overall returns of some advisers.

29 Andrew Karlinski

- Company: AK Financial Group
- Location: Irvine
- Years in business: 31
- Education: bachelor's, Queen's College in New York



Independence has been the primal driving force behind Andrew Karlinski's career.

As founder of Irvine-based AK Financial in 1976, Karlinski has spent his entire career outside the major investment banks that dominate his industry.

He handles \$150 million, with average account sizes of \$750,000 to \$1 million.

Karlinski's average client is worth \$1 million to \$8 million.

He moved to Aspen 13 years ago. His firm and the majority of his clients remain in orange county.

He is married with three children, two of whom are professional snowboarders. He also enjoys snowboarding.