

## Taking Stock: After takeover, U.S. Trust won't be trustworthy

by Malcolm Berko

Dear Mr. Berko: Way back in 1999 you told me that it would be in our best interest to have our account managed by U.S. Trust because they could give me and my husband the personal services we need. They managed our stock account, paid our bills, arranged our travel plans, took care of our properties when we were away, and assisted us with our bookkeeping and taxes. Now we learned that U.S. Trust is being bought by Bank of America. Please give us your thoughts on this large institution and please advise if we should allow them to manage our affairs.

W.P.

Boca Raton, Fla.

Dear W.P.: Yes, I remember our conversations and please tell your delightful husband that my sister followed his advice and the results were outstanding, awesome and magnificent.

Certainly you've heard that old axiom, "if your bank is bought out by a larger bank then its time to change banks." So race, run, rush, dash and fly like a bat out of Hades to Bessemer Trust in the U.S., or Butterfields or N.M. Rothschild in London or Pictet & Cie or Lombard Odier in Geneva, Switzerland.

If you allow your affairs to be managed by Bank of America (BAC-\$50.53) you will most likely be swallowed up into the biggest black holes in the Orion or Trifid Nebula. Charles "Charlie" Schwab is selling its wealth management subsidiary of U.S. Trust to BAC for \$3.3 billion so Charlie can concentrate its expertise on the "do-it-yourself" investor. Charlie bought U.S. Trust in 2000 hoping that it would be a natural fit for its customers as they began to accumulate wealth. However Charlie's independent, do-it-yourself clients had no use for the venerable 155-year-old U.S. Trust whose white-shoe clientele is accustomed to personal pampering and red carpet treatment.

Compared to U.S. Trust, Bank of America is a hillbilly dressed in a three-piece pinstripe suit. So if you prefer martinis to moonshine, I suggest you move your account soon. The merger should close this spring and most of the good folks who assisted you at that blue-blood blue-chip bank will be out of a job soon. Last year, U.S. Trust's managed accounts produced about \$835 million in revenues and BAC's green eyeshade bean counters intend to reduce U.S. Trust's costs by \$200 million and plop its 13,000 clients into BAC's 115,000-account cesspool. The change will be like moving from the polo fields of Palm Beach to the cock fights in Miami's Little Havana.

At U.S. Trust you and your husband were known by name and you enjoyed a warm, personal relationship with your representatives. They actually cared about you and that's what made them so special. At BAC, no matter what you're promised, you will be a cold, hard, impersonal number among their 128,000 managed accounts. I've heard good things from folks who have wealth management accounts at U.S. Trust, Bessemer Trust, Rothschild, Butterfields, Pictec, Lombard, even Union Bank of California and UBS Switzerland. I've also been privy to the investment results from each of those private banks and as cautious as I can be ... I am not unimpressed!

However I know several couples who have wealth management accounts at BAC and as cautious as I can be, I am not impressed. Bank of America is a huge retail institution; soon to be the largest as well as the most profitable retail bank in the U.S. That huge size can be protective and comforting, sort of like having an elephant in your bed. But only heaven can help you if that elephant sneezes and rolls over.

Frankly, I've not heard one word of praise from several folks whose substantial accounts (and personal services) are handled by the Bank of America. The reason behind BAC's recent account management success is that it is able to attract the coveted customer who is not demanding or sophisticated and is satisfied with mediocrity. And how would you regard a bank that puts Braille on its drive-through teller machines?

I recommended U.S. Trust to you folks because I knew some of the folks there personally and by reputation. I recommended U.S. Trust way back then because I also knew a few of their accounts who couldn't say enough good things about their professionalism, their services and their account management. And for the same reasons I am recommending Pictec, Lombard, Rothschild, Bessemer, and Butterfield. There are certainly other private banks equally as capable in this country and across the pond. However, I cannot recommend them because I lack the necessary personal information to do so.

Please address your financial questions to [malber@adelphia.net](mailto:malber@adelphia.net).

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