

An \$8.4 billion wealth manager emerges in Milwaukee after old RBC spinoff, Cleary Gull, finds local love

by Brooke Southall

Brooke's Note: I have always been partial to Cleary Gull. As a reporter in the early 1990s with Central Penn Business Journal and in the late '90s with The Daily Record in Baltimore, I could generally count on their analysts to return my calls and treat me with respect. It's the kind of thing that stays with you. So it didn't surprise me that the firm is still going strong and has earned the respect and good will of perhaps the biggest Milwaukee local company — a sister company of Johnson Wax. Still, this is a bank buying the wealth management arm of an investment bank — not always a prescription for M&A success. The difference here is the Milwaukee factor. It's not something to be underestimated.

This RIABiz article relies heavily on the excellent reporting of Paul Gores at the Milwaukee Journal Sentinel in [this article](#).

Assets that get gathered in Milwaukee stay in that chilly Wisconsin city.

That might be one way to understand the marriage of Johnson Financial Group and RIA Cleary Gull Advisors Inc.

Cleary Gull was sold once before to Tucker Anthony Sutro for \$30 million. When that Boston-based firm managed it into the ground, it was acquired by RBC.

Cheese heads

But presumably Racine, Wis.-based Johnson Financial Group feels equal to any cheese-based cultural issues that may arise.

"I really think that the reputation of the firm — what it stands for, the type of people who work at Cleary Gull, the culture of the firm — is very compatible with who we are," Thomas M. Bolger, president and CEO of Johnson Financial Group, told the Milwaukee Journal Sentinel.

Johnson Financial is a small component of Johnson Family Enterprises, which also owns Johnson Wax, makers of Ziploc and Windex, which records annual revenues of about \$12 billion annually.

Cleary Gull has \$2.1 billion of assets under advisement according to a statement announcing the deal. Its latest ADV has it at \$1.1 billion of AUA. See: [Whatever became of RBC's RIA custody unit after it showed such promise](#) .

With the acquisition of Cleary Gull, Johnson Financial's wealth assets will grow by approximately a third from \$6.3 billion of assets under administration (according to the release) to \$8.4 billion, which will be housed under the Cleary Gull brand. Cleary Gull has more than 675 clients and Johnson Financial Group has 2,200 wealth clients — individuals and institutions — who use its investment management, fiduciary trust and retirement plan services.

Growth plus succession

Steve Levitt: I think there's a lot of synergy.

Founded in 1987, Cleary Gull is to Milwaukee — a city that served as the setting of “Happy Days” and which evinces a hyper-normality that borderlines on a Coen Bros.-style eccentricity — as Alex. Brown is to Baltimoreans — a hot little investment bank that spices up an otherwise financially quiet town. See: [How an Alex. Brown spin-off grew to be a \\$46 billion RIA and how a Brown Brothers breakaway fits in to its plan for accelerated growth.](#)

Cleary Gull describes its clients as high-net worth individuals — with an emphasis on airline pilots — nonprofit hospitals and senior living communities. Cleary Gull's investment banking division does not factor into the deal.

Michael J. Cleary, who was the chairman and CEO of Cleary Gull, will serve as president of the new Johnson subsidiary, which will be called Cleary Gull Advisors.

Like many RIA M&A deals, the acquisition is rooted in the need for growth on the bank side of the equation — Johnson Financial Group, the parent company of Johnson Bank and Johnson Insurance, announced its intent to boost wealth management as a percentage of revenues in 2014 — and in the need for a viable succession plan on the RIA side.

“One of the things our clients are going to be looking for in the next five to 10 years is what's next for Cleary Gull. ... This solves the problem,” said Cleary in an interview with Journal Sentinel. See: [Marty Bicknell adds an investment bank to his \\$10-billion RIA and \\$26-billion asset manager.](#)

Conversation starter

Still, M&A experts warn that banks often buy RIAs in heady times only to disgorge them later. In 2015, banks acquired 45 RIAs and trust companies, up from only 18 in 2010, according to [Silver Lane Advisors](#).

Yet Steve Levitt, CEO of [Park Sutton Advisors, LLC](#) says this time around things are different in the sense that banks are looking for ways to use their bricks and mortar branches. Also, he likes the complementary businesses of Johnson and Cleary.

“I think there's a lot of synergy.”

Industry deal chatter began last summer after Johnson Financial poached Brian Andrew, who was president and chief investment officer of Cleary Gull, as its chief investment officer.

“I've known Tom Bolger for a number of years and always had great respect for the Johnson organization,” Cleary said to the Sentinel. “I had been thinking about the future of our firm for some time, and when Brian left last year, I reached out to Tom to start a conversation.”

Cleary knows what it's like when a deal of this sort goes pear shaped: He and some of his employees bought back what was left of Cleary Gull in 2001 after Tucker Anthony Sutro was sold to Royal Bank of Canada-Dain Rauscher. In 2003, Milwaukee's MBO Advisors merged with Cleary Gull. See: [RBC's appearance on custody scene could be a 'game changer'.](#)

Cleary Gull's offices are located at 100 E. Wisconsin Ave. Bolger says Johnson Financial Group plans to assume the lease for that space and may move some of its back-office investment research employees to it from Racine.



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