Rochdale
Investment Insight

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Symphonic FINANCIAL ADVISORS

October 8, 2008

Offshore Investment Management: The Next Dimension in Asset Protection and Risk Management

A conversation with Neal B. Rubin, Managing Director, Rochdale Offshore Investment Management

Highlights:

- Offshore asset protection is extremely effective in shielding high net worth individuals and families from civil litigation
- These structures are set up to be fully tax-compliant
- Rochdale utilizes highly diversified, fully personalized global investment strategies by applying our time-tested investment management process of synching clients with their unique risk/return profile
- All funds are held in custody at highly reputable, long established Swiss banks
- With a world-wide network of attorneys, accountants, trust companies, protectors, and asset managers, Rochdale is among the industry leaders who provide investment management services via global asset protection

The following discussion is moderated by Derek A. Roy, AIF®, Vice President – Investment Consulting, of Rochdale Investment Management.

Q: Neal, the timing for this forum probably could not be better as many people are saying we're in the midst of what could be the next perfect storm – either a U.S. or a global financial system meltdown, for that matter. Seeing as you have been doing this successfully for a number of years, could you elaborate as to why now is an opportune time to consider offshore strategies?

A: Sure. It's obviously a great question, given what's going on now. I guess the first thing I would like

to explain is that the term offshore strategies can mean a lot of different things. The overarching concept is not investment oriented, but rather the establishment of an offshore asset protection trust to protect a client in a proactive basis from civil litigation. Given everything that is going on now – the perfect storm in real estate, in the investment world, in finance – I would contend that, down the road, there is going to be significant litigation coming out of this. I mean, all you have to think about are the senior executives from Lehman Brothers and AIG (AIG; $2.39) and statements they made publicly before they either went bankrupt or were taken over by the federal government. There is going to be significant litigation because of that and as a result of the implications of The Sarbanes-Oxley Act.

For clients that have significant wealth like some of those senior executives, although less significant than before, proactively setting up an offshore asset protection trust is going to give them tremendous benefits in terms of protection from that litigation. So from that perspective, offshore strategies are incredibly important.

At the same time, one of the things that you are able to do through Rochdale is obtain access to Swiss banking accounts and Swiss custodial accounts. The Swiss have been in the private banking business for over 200 years. We have multiple relationships with Swiss banks and have the ability to easily open accounts. The Swiss banks that we deal with really are not banks in the traditional sense like Bank of America (BAC; $19.63) or Citibank (C; $12.93). The only loans they make are secured by the clients' money. In actuality, they are custodians and asset managers. You have a very stable financial system there and the aforementioned aspects of Swiss banking provide excellent reasons for considering doing something offshore.

Q: One of the things that I have found in some of my travels is that offshore strategies are often easily misunderstood. Starting with some basics, can you dispel the myth that offshore accounts are a tax dodge? Also, could you elaborate on some of the legitimate reasons that people would put money offshore?

A: I think a part of the reason that people think they are tax dodges is because others have used them in the past as a tax dodge and, in fact, UBS (UBS; $15.50) was just caught assisting clients in doing that. Everything that we do is fully tax-compliant. Clients have to sign W-9's and, sometimes, there are W-8's involved as well. Therefore, the main reason for opening these accounts is the protection against civil litigation.

The U.S., as I think everybody on this call knows, taxes its citizens on a worldwide basis. In no way are we going to participate in helping clients avoid this so we are not going to open up an account unless those forms are signed. On top of that, none of the Swiss banks that we deal with will open an account unless those documents are signed, even if they might have done so in the past. Everything that we do is transparent and nothing is secret as there is no need for it to be. The last person that we, or our Swiss partners, are going to get in trouble with is the IRS.

Individuals partake in offshore investment management to reach the epitome of risk management and diversification. At the top of that pyramid and the main reason people come to us is because they are looking for protection against civil litigation as that is the easiest way for people to lose their wealth.

You can have your money in cash or bonds and you can think it's very safe. You can be hit with a lawsuit and you can lose 25%, 50%, or even 100% of your money if a judge and/or a jury deems the litigant to be injured by you. The jurisdictional diversification or the asset protection is a key reason, but there are others to utilize our platform.

Some clients come to us wanting access to non-U.S. financial markets and we can do that on a direct basis through our Swiss banks. Other clients have come to us looking for currency diversification and clearly, up until recently, that was something that was very popular as the dollar weakened against most foreign currencies. It's obviously since strengthened. We still think that diversifying across currencies makes sense as a strategy.

Last but certainly not least, people are looking to diversify the domicile of their assets. It really started with 9/11 when people saw New York attacked directly and the stock market closed for four days. If you were a client of Bank of New York, you couldn't get your money for three or four days. People realized, as with the real estate market, you needed to diversify where your assets were held.

We also have clients who, frankly, are concerned about either the financial strength of the United States or potential governmental actions and so they just want their money out of the United States. They are still going to be paying taxes and nothing is going to be secret. Those are the other reasons that people might get involved in offshore strategies.

Q: From the sound of it, Neal, most of those people would be higher-net-worth folks. What would a minimum portfolio size be that would be associated with offshore and what percentage of the client's total portfolio might be appropriate when looking at these strategies?

A: Clearly, if you are in a high-risk situation or high-risk profession, you could consider putting all your liquidity offshore. However, we are also driven by administrative factors. We use three main banks in Switzerland; one of the banks has a minimum custodial charge that forces us to have a minimum account size of one million dollars.

The other two banks do not have that minimum but we maintain our million-dollar minimum. We are willing to break it, but only as an exception because it's expensive and rather time-consuming to open up these accounts. We'll do that for a client that perhaps wants to start out and see how we do, or if there's an advisor that we have a very good relationship with. Typically, we will not go below $500,000, however.

We have clients who are just being cautious and are planning proactively and they will give us 10%, 20%, or 30% of their liquidity. We have other clients who have been shot at and missed. They have been sued and they realize that the judicial system in the United States can often be a lottery, and, oftentimes, there is not always justice. Those clients tend to give us basically all their liquidity because they want to avail themselves of the protection of an offshore asset protection trust.

Q: We often hear that using an offshore trust may be done to hide assets from spouses. I'm not advocating anything but full disclosure in your marital relationship, but one example of this might be the New York Yankees baseball player, Alex Rodriguez. His wife is actually moving to vacate their prenuptial agreement, alleging that he violated the terms of said agreement. Is that something an offshore trust can help with, or is that something that maybe Rodriguez should have had, as it relates to that?

A: It is something we talk to people about all the time and, frankly, it is how we made our first entry into the celebrity realm. We ended up dealing with a business manager that had a client who was a young actor whom most people on the call would know. He was single and wealthy and his business manager was concerned about him getting married because Hollywood marriages probably last shorter than stock market rallies these days.

He was very concerned that his client could lose 50% of his net worth, and he, like this example you just gave, was concerned about the efficacy of prenuptial agreements. We took on that particular client and we have taken on others in similar situations. Again, your points are spot on as none of this is hidden.

The fact of the matter is that an offshore asset protection trust that is established before an incident occurs is extremely effective in deterring and/or protecting against civil litigation. So yes, if he had done it in advance, he would be in a much, much better position than he was.

I've also talked to attorneys regarding post-nuptial asset protection trusts and many of them say, look, you can even do it after you're married. You are going to want to wait a couple of years before you get divorced, and by the way, it would be better if you told your spouse about it. Obviously if you do that, you really should tell your spouse. The other thing you might want to consider doing is having as much of your total assets as possible in the offshore asset protection trust. Anything that is left in the United States is at the mercy of the judge who can basically say hey, I don't like this offshore trust and I'm taking everything that I can and giving it to the spouse.

Q: Obviously in Florida, we deal with a lot of doctors and asset protection is of utmost importance to them nowadays. One of the reasons that offshore accounts can be appropriate – or not appropriate – is to avoid paying legal judgments. However, the trust is not necessarily effective at protecting the assets if it's set up after the adverse event occurs; so could you maybe elaborate on that a little bit? Where do you draw the line? What do you do if someone is already being sued and tries to set up an offshore account?

A: To preface my response, we are not giving out legal advice and I'm clearly not an attorney. It really comes down to the attorney's risk profile and what clients they are willing to take on. Some attorneys will not take a case if there has already been an event unless the individual that's looking for the protection leaves enough money to settle that event, so that they're not creating any sort of a bankruptcy situation by creating the trust and moving all the assets offshore.

Some attorneys will take on these cases and will set up the trust. However, it's truly a fine line. If I was an attorney, I wouldn't do it. I'd want only to do this prophylactically. I think once the event happens, you've basically committed a fraudulent conveyance, which means that you knew or should have known that an event had happened, and the penalty for doing that is undoing the trust and repatriating the funds. At the end of the day you're no worse off. We don't really have any clients that came in with litigation and we try to do background checks and make sure that there's no litigation that's ongoing.

There are attorneys that will do it and who believe there are certain things that the client can do that will show consideration so there is not a fraudulent conveyance. To be safe, it is always best to plan ahead and to do it before the event and that is always my advice to people.

Q: Let me take that answer and morph it into an explanation about the components of an offshore strategy. Could you take a couple minutes and go through the structure to help everyone visualize the logistics of it and how it is set up?

A: Although it sounds somewhat exotic, it's really very straightforward. As everybody here is aware, the U.S. is the most litigious nation in the world with more attorneys per capita, more lawsuits, hundreds of billions of dollars in judgments very year, and a tort bar that's extremely highly compensated and aggressive and very, very smart and effective.

25 to 30 years ago, attorneys in the United States realized that you could pass laws in jurisdictions outside the United States that would be litigant-unfriendly. For example, a couple of attorneys went to the Cook Islands about 25 years ago and they drafted such legislation. They took advantage of the existing trust laws in the Cook Islands, which follows Elizabethan law, and added some components to it.

One component is that if somebody wins a lawsuit in the United States and has a judgment, they cannot bring that judgment to the Cook Islands. They can sue, but they can only sue for a fraudulent conveyance, and the statute of limitations in the Cook Islands for a fraudulent conveyance is anywhere from a year to two years. It is a very short statute and it is on very narrow grounds.

There are no contingency-fee attorneys in the Cook Islands. Most of the good attorneys in the Cook Islands are already conflicted by the trust companies that exist there and those are amongst the major businesses in the Cook Islands. As they do in England, the loser pays court costs in the Cook Islands. You have to post a bond before you can bring a lawsuit.

There are secrecy laws in the Cook Islands while there are none in the United States. If a client has an offshore trust and they are sued and deposed by a good attorney, that attorney is going to ask if the client has an offshore trust. In addition, the client is paying taxes on trust income/gains and the attorney is going to depose the client to obtain their tax returns. The attorney will see the foreign bank accounts and foreign interest and dividends and they will ask the client if they have an offshore trust. The client is not going to commit perjury and they are going to say yes.

Even going to the Cook Islands and even with that knowledge, if they go to the trust company, the trust company is not allowed to acknowledge whether or not there is actually a trust there. The litigant actually has to litigate to obtain the information. A court then has to agree that you can release this information. In addition to these factors, the Cook Islands are a 17 hour flight from New York City. It is a long trip to get there.

As this illustrates, there are significant walls up for litigants that have been successful in United States courts to translate that success into the Cook Islands. A judge in the U.S. cannot tell the Cook Islands what to do. It is the Cook Islands' law and courts that have jurisdiction.

The trusts are very similar to trusts that you and I are familiar with here, Derek, with one key exception. Under Elizabethan Law, the grantor, or the person that sets up the trust, is allowed to be the beneficial owner. You really cannot do that in the United States.

As the beneficiary, you can ask for your money which the trustee may or may not give you. If there is an event of duress, i.e. you are being sued and a court is forcing you to bring the money back, they will not do that. But if you are not being sued and the skies are clear and you want to buy a Ferrari and/or a third home, they will approve that distribution and wire the money to you.

If you're sued and you lose in the United States and all your assets and bank accounts are seized, they can then pay any bill that you want including your child's college tuition, your American Express (AXP; $24.00) bill, your Mercedes (DAI; $31.60) lease, etc. They are highly flexible tools and they are very similar to what we are used to.

These are always, at least with the good attorneys that we deal with, coordinated with your estate plan. Again, remember that this is all tax-neutral and you are not getting any sort of tax benefit out of the trust. Obviously, there is a lot that goes into drafting them and there are attorneys that do this for a living, but that is a good overview in terms of how they work.

Q: What about internally, inside of the strategies? From an asset allocation standpoint, what asset classes are best held in an offshore trust? Can you have art or collectibles? What are some of the investment options that you can hold within the trust?

A: Those who are not familiar with how an offshore trust works think that they are very exotic and very different. I just explained to you how a trust is a trust is a trust. There are some differences, but if you understand trusts and trust law, you pretty much understand them in terms of offshore versions.

When we think about managing money within these offshore trusts, people think you have to invest in offshore assets – you don't. We use the Rochdale process and gauge our client's risk/return preferences. We have the flexibility to do whatever is deemed most appropriate. If we have all of the client's liquid assets, we can set up a fully diversified portfolio for them in any and all asset classes, just as they could here in the United States.

If we just have a piece of their money and they want to direct us to a specific asset class, we can do that as well. For example, you can open up an offshore trust and you can have us manage only the international portion of the strategy. So from an investment standpoint, it is very straightforward and very flexible and really, at the end of the day, very familiar. We can hold municipal bonds in these structures if somebody wants.

You can also hold other assets in the asset protection trust. The key there, though, is where those assets are located. I can set up the Derek Roy Family Trust, which is domiciled in the Cook Islands, and you can have $10 million of liquidity in there which is custodied in Switzerland. A judge located in the United States cannot access that liquidity.

If you hold art or real estate in the United States and it's owned by the Derek Roy Family Trust, a judge could say, I understand this is held by your offshore trust but I'm going to put a lien on it, and you can fight that, but I can get to it so I'm going to seize it. The trust itself is very flexible as it can hold any asset.

In terms of opportunities that you might not have in the U.S., certain hedge funds, for example, are only available to qualified purchasers (who posses more than $5 million in investments, exclusive of a personal residence). As you can imagine, there are many wealthy individuals who do not reach that threshold and they cannot avail themselves of those strategies.

The interesting thing about an offshore asset protection trust or an offshore trust is that it is not a U.S. person. Those trusts can avail themselves of the strategies and that is an advantage beyond asset protection for setting up the trusts.

Q: What is Rochdale's role in all of this?

A: This is something I talk to people about all the time and it's really one of our strengths and of the reasons why this is such a great business for us. The bottom line is that in no way do we mitigate the efficacy of the trust due to our U.S. nexus because we are only given what is known as trading authority. That is the only authority we have over the account. We do not have signatory authority, which allows one to move the money. We only have the ability through limited powers of attorney to make buys and sells on the account. We can also be fired at a moment's notice.

Our clients get a tremendous amount of comfort from the fact that we are a U.S., SEC-registered investment advisor. We are licensed and regulated to do business in the United States and we speak English as a first language. We are able to visit our clients and our clients can have online access to their account.

When clients set up these offshore vehicles, the money is often custodied offshore and this is all very foreign. Rochdale is a very local kind of connection. We're licensed and regulated by the SEC and a member of FINRA. This gives people confidence in dealing with us as well as redress in case we ever do something wrong, versus our offshore competitors.

There are a lot of people all over the world that want to manage money in the U.S., and a lot of them are Swiss bankers and they're not licensed and regulated to do business in the U.S. Good luck suing a Swiss money manager in Zurich for doing something wrong on your account. Our presence is very beneficial but in no way hurts how the asset protection trust works.

Q: From a custodial standpoint, you mentioned Switzerland quite a bit but also the Cook and Cayman Islands. Why do you keep going back to Switzerland, and what would be some of the advantages of Switzerland versus other domiciles and how do you look at that?

A: To set the stage, there are really three legs to the stool and the first would be the domicile of the trust. There is some disagreement among legal community with this, but I would say the majority of attorneys feel that the Cook Islands are the premiere jurisdiction to set up an offshore asset protection trust. Each domicile has different jurisdictions and each attorney has their personal preference. The attorney makes this decision and we are not involved in the domicile selection.

Rochdale would be the second leg of the stool as we are the investment manager. We do not have signatory authority but we do have trading authority. We are important in terms of the clients liking the way we manage money and being regulated and licensed.

The third leg of the stool is where you actually hold the money. As you said, Derek, you can really hold it anywhere except the United States which would be a mistake for reasons we addressed already. From the standpoint of picking somewhere outside the U.S., you want to be somewhere where bank regulations are very strong, where there is a long history of banking, and where individuals are very comfortable with the environment.

Now, there are many jurisdictions that fall into that purview. We selected Switzerland, and perhaps this can be attributed to my learning this business at Credit Suisse (CS; $33.85), but more realistically because I can go anywhere in the United States and talk to anybody and tell them that we are going to have their money in a Swiss Bank and nearly everyone will be comfortable with this. They know where Switzerland is and they know Switzerland has a long history of banking because it is one of three main business attributed with this particular country. Obviously, the other two businesses are chocolate and watches.

Over time, we could end up expanding our jurisdictions and Singapore might be a very good one, but that is in the future. The Swiss banking works very well for us and it makes our clients extremely comfortable.

Q: Expanding on that question, though, Neal, why are some of the Swiss banks getting out of this? UBS announced that they would cease offshore banking services for U.S. clients; what happened there? Why are some of them getting away?

A: UBS was recently caught with their hand in the cookie jar. They were actively helping U.S. citizens hide money from the IRS. The IRS is probably the most feared institution in the world, even above Al Qaeda, and the Swiss have been in the business of helping clients avoid tax on a global basis for probably as long as they have been in banking, which is over 200 years.

Every Swiss bank is probably involved in it but to be actively soliciting it is a big problem and very embarrassing, especially given all the other problems that are going on in banking and all the help global banks are looking for from the U.S. regulatory authorities. What they are getting out of this is the active "black money" business, as it used to be called at Credit Suisse. They are literally kicking these clients out of the bank.

There are plenty of Swiss banks that have not been active in searching out U.S. clients that are trying to avoid taxes and they will still take U.S. clients that are tax-compliant. They do not have a problem doing that as it is very good business.

One of the things that happened with the war on drugs and then the subsequent war on terror is the United States became involved in a global basis in banking. It began with anti-money-laundering regulations, which everybody in the industry understands and follows, but this was followed by the Patriot Act and the U.S. realizing that one of the key ways to stop terrorists is to cut off their funding. The Patriot Act allowed us to go around the world to any bank and say, look, if you want to play in the global banking system, you have to open up your books to us. We have to know what is going on.

The Swiss are very leery to begin with. Once somebody like UBS gets caught doing something such as actively coming up with strategies for U.S. citizens to evade taxes, they had to get out of the business. On the margin, have some Swiss banks decided not to take U.S. clients? Yes. Are there Swiss banks that will take U.S. clients? Yes. Do you have to go through hoops to get the accounts open? Yes, and we are experts at doing that.

Q: You've made it very clear then that this is a tax-neutral strategy and that you're not shielding or dodging taxes.

A: Yes that is correct.

Q: Is there a lot of paper pushing involved? Does it make doing taxes extraordinarily prohibitive? What about just the legwork involved?

A: No, not really. There are additional forms that need to be filled out. I don't want to anticipate the question you're going to ask, but the other question a lot of people ask is does this make me more subject to an audit? I can say I have been doing this for over eight years between Rochdale and Credit Suisse and I have yet to have a client be audited as a result of their offshore trust.

The reason being – and this gets back to your question – is you do have to do additional reporting. The government likes the reporting. They have many people that are trying to hide money from them overseas that they are going after in one way or another.

Again, most of the clients we obtain are substantial individuals already. They already have K-1's, they already file extensions, and they already have complex tax situations. This is not a huge additional burden and again; we know this business, we know the players, and we know accounting firms that specialize in this.

Q: You started out by discussing marriages, Hollywood, and other estate planning-type situations. Are there any recent changes in case law or anything affecting the general legal environment that maybe you should keep an eye on or things to be aware of?

A: Depending on your perspective, something like Sarbanes-Oxley was a huge initiator for people to start to look at offshore trusts. Sarbanes-Oxley is complex but is important from an asset protection standpoint in that CEO's and CFO's are now personally signing off on the financials of their public corporations and are personally liable for misrepresentations on those income statements and balance sheets. Companies like AIG, WorldCom, and Enron have gone through this and you have seen the boards personally sued because of corporate malfeasance that they may or may not have known of.

These public officers and directors now have a level of risk that is unprecedented. If somebody like Richard Fuld from Lehman Brothers is on a conference call to investors saying things are fine and then a month later he is sitting in front of Congress being asked how could you deceive people, he is going to be personally sued. D&O insurance potentially would not cover this. Now, he may be not worth anything anyway, but the people that are, are at significant risk.

We must also take into consideration the circumstances of our current economic landscape. The response in the United States to any event that has a negative consequence is for somebody to be sued. If you think of people that are in finance, in real estate development, in the ownership of real estate, there is going to be a lot of litigation taking place. If you generated mortgages or you just were a mortgage originator and made a lot of money, you probably have a good chance of being sued. Again, the time to set one of these up is before the lawsuit.

Q: Who would be Rochdale's competitors? I think another way to say that is what are some of the different core competencies of the providers, whether it's law firms or investment banks or whoever, that are providing offshore strategies? What is it we do well at Rochdale? Why are we in this business?

A: I don't spend a lot of time doing competitive analysis. The main reason being that I continually ask my Swiss banks who else they are dealing with in the United States and they continue to tell me "nobody." I go around the country and I talk to attorneys and accountants that are involved in offshore trusts and I ask the same question, and nobody comes up with any competitors.

The large institutions in the United States do not want to do this business. They actually have policies against participating in it and prohibitions against taking offshore trusts with U.S. beneficial owners. Smaller organizations have difficulty committing the capital to getting up to speed, to making the partnerships with the Swiss banks, to understanding who the trust companies are and vetting the business. The individuals at Rochdale spend a considerable amount of time vetting this business, and this is a business that is not without risks.

We have been doing this now for over four years at Rochdale. We have a global network of attorneys, accountants, trust companies, custodians, money managers, protectors, and offshore insurance providers. This network is unparalleled and we know who the good players are and who the not-so-good players are.

As I said before, our competitors are money managers, banks, or trust companies in various jurisdictions around the world. There are people, believe it or not, that give their money to people in Panama, Belize, or the Caribbean. I just don't think that's a very smart idea. If you are going to do this and you are not going to do it in the U.S., you would want to be in Switzerland.

Interestingly, the Swiss are not licensed or regulated to sell securities in the United States. They have severe restrictions about coming in and meeting with clients and dispensing investment advice. Also, we have the advantage of being in the United States and understanding how people in the United States want to do business. Until you're outside the United States doing business, you don't realize how different things are; a sense of urgency, sense of responsibility, promptness in getting things done, and expenses. One thing that I have to explain to people is we have to pay for custody outside the U.S. Something that is done for basically nothing in the United States costs 20, 30, or event 40 basis points outside the U.S. There are many different components to understand and there are many people that purport to do offshore asset protection strategies that you really should not get close to.

Q: Neal, what are the costs involved in setting this up and what are the ongoing costs to maintain it?

A: Great question. There are people you can go to that are going to charge you to open up an offshore account and I would recommend staying away from those people. The main cost is the legal expense; the expense of drawing up the offshore asset protection trust and that can vary by region and by attorney. As you know, it tends to be more expensive in New York. It's less expensive in Florida and in Nevada and in Texas.

I don't particularly think you want to pick an attorney by how expensive he or she is and what we do if people do come to us asking for attorney referral is try to match them up by personality, situation, and geography. The cost can range

anywhere from $15,000 to $40,000 to draw up the trust. It can get more expensive depending on how complex it is and, again, these things can be as simple or as complex as the client wants.

The next part of the expense, above and beyond what you would normally do in the U.S., is the trust company fee. I would stay away from any trust company that charges a percentage of the assets. The trust companies that we deal with are mainly in the Cook Islands but they're really all over the world, charge a flat fee and in the Cooks, that's typically around $2,500 a year.

We wrap that in our overall fee so that when somebody asks us what our fee is, the first $2.5 million is 125 basis points and that includes the Swiss bank custody fee. In summary, it is not expensive at all, especially when you think about the fact that you're getting this incredible protection for whatever you have in the trust. It's a very inexpensive insurance.

Q: What percentage of your clients are looking at diversifying through different currencies at this point in time?

A: Not really that many. Most of the clients are just looking for an overall investment allocation. We end up diversifying for them as a matter, of course, by investing in international equities and fixed income. Some of the alternative investment strategies we use also invest outside the U.S.

It's tough to come up with a typical portfolio. Having said that, anywhere from 10% to 30% is probably outside of U.S. currencies and it's part of the overall plan. There aren't that many people that come to us that say, "look, I just want to be in nine currencies, come up with a strategy for us."

Q: If an advisor has a client who is a potential candidate for offshore, how do they get started? What do they need to put together? What direction do you point them in?

A: They can start by working through their Rochdale representative and come to me as a team. I'd be more than happy to take a look at the situation, see if it makes sense, and make recommendations in terms of attorneys because it really starts with the trust being drafted. That is the first step. The client needs to have a need for the protection and it's the attorney, by drafting the trust properly, that's going to get them that.

Once that is complete and the trust is in existence, we can go to a bank and open up an account as it is the trust company that opens up the account. They open up the account with the bank because they are the owner of the assets; they engage us as the asset manager. It all starts with that trust and getting the trust set up, and again, we can help guide people. There are many good attorneys all over the country and we can make introductions. If necessary, we can help on the accounting side.

Q: Neal, is there anything else you would like to add before we wrap up?

A: For those who are advisors and given what is going on in the economy and in financial services and in real estate, there's going to be significant litigation down the road. You are doing your clients a real service by bringing this option up to them as they should know about it because it works.

Again, the largest threat to their assets is not the markets because the markets are going to come back; it's litigation and losing. Number one, it's a tremendous service for your existing clients and it will really add value. Number two, in a business that's really very competitive, it is difficult to truly stand out in a crowd. All the good advisors diversify and are in good strategies and put their clients first. One of the things that I learned when I was at Credit Suisse was that the high-net-worth brokers at Credit Suisse First Boston loved my team and my business. We allowed them to bring something to the clients that I can guarantee you, no other advisor was talking to their clients about.
Think about your communicating with your existing client base and saying, look, we can talk about diversification, alternative strategies, protecting against downsides, all that good stuff. In addition, let me talk to you about something that could protect 50% to 100% of your assets. Most people you are going to talk to, especially in this environment, are going to want to hear about that. This could be very, very powerful for making your practice stand out with both clients and with prospects. We are very happy to team up with anybody in the Rochdale universe here to help them do that.

Stock prices shown are as of October 9, 2008.

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