



Wall Street Shuffle

Investment bankers find shelter in boutique, mid-market firms as bulge brackets tighten belts

By [Gerelyn Terzo](#)

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James Cayne. Chuck Prince. Zoe Cruz. Erin Callan. Just a few of the more prominent names that come to mind when considering the fallout in individual callings on Wall Street since the tsunami in the credit markets began its assault last summer.

Some, as Callan soon will at **Credit Suisse**, have reemerged. Others, like former banker **Warren Spector**, now heavily involved in theatre, are keeping more of a low profile. Others, mainly **Bear Stearns** hedge fund managers **Ralph Cioffi** and **Matthew Tannin**, are being prosecuted in court for conspiracy, fraud and insider trading.

Regardless of the individual circumstances, it's clear that Wall Street will never be quite the same.

"We're about to undergo a sea change, a transformation in the industry that will bring us back to more simplistic routes," says **Russ Gerson**, founder of recruiting firm **The Gerson Group**.

Many of the bankers who were shown the door before running for the exits themselves, as former Bear Stearns banker **Douglas Sharon** did when he took off for **Morgan Stanley**, will probably lose clients to former colleagues. "The atmosphere resembles *All is Quiet on the Western Front*, when Muller turned to Kemmerich asking him for his boots," says one former banker.

Veteran M&A and restructuring banker **Daniel Celentano** had spent the lion's share of his career at Bear. His decision to leave for boutique **Evercore Partners** after a two-decade span came almost immediately after his former employer's doomsday.

"It was a tragedy, the aftermath of which we all ultimately have to approach as an adventure. It was serious and sad but we all have to look ahead. This is an exciting environment to do business in and help companies in and that's what we are focused on."

He and other former Bear bankers agree they were blindsided by the firm's collapse.

"We all knew we were navigating through difficult times but didn't foresee the events unfolding as they did," says Celentano. "It happened very quickly."

Celentano joined Evercore as a senior managing director in the firm's restructuring business in June. He will continue to advise companies involved in restructurings, including **General Motors**, in connection with the **Delphi** bankruptcy.

The appeal of Evercore, he says, lies in the fact it's large enough to take on any-sized advisory client, like GM, while still allowing him to be nimble in responding to clients needs. And chances are in his line of work the pipeline is going to be pretty full for some time.

"My restructuring partners, **Bill Repko** and **David Ying**, and I are seeing the pace of work pick up," says Celentano. "And we're expecting that to continue."

Another stalwart Bear banker, **John Fargis**, left for middle-market bank **Jefferies & Co.** after a 14-year career as a senior banker on the media team. The reason? He wasn't asked to stay on at **JPMorgan**.

"I don't blame anybody," says Fargis. "And I don't have any hard feelings towards former colleagues at Bear Stearns nor the folks at JPMorgan. Everyone acted reasonably, fairly and responsibly. Circumstances change. I'm thrilled to have made the change and to be working with incredible partners at Jefferies."

Fargis, who while at Bear advised **Thomson** on its acquisition of **Reuters**, made the jump to Jefferies not because of any deep-rooted relationships he had with the firm's management but instead for the promise of extending his media roots.

"I have found my large clients have been universally receptive to Jefferies as a franchise, a name and an institution," says Fargis. "So I have no doubt that I will be able to continue the kinds of advisory relationships and execute a similar composition of deals working from this platform."

Another banker, **Gene Taylor**, was less forgiving, perhaps understandably so. He led investment banking at **Bank of America** during the course of a tenure which lasted nearly 40 years, before retiring last December on the heels of huge losses posted by BofA's investment banking business. He since resurfaced at **Fortress Investment Group** this summer. Taylor maintains that he is retired, and has merely taken on an advisory role at Fortress working on a part-time basis with some of his buddies.

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But when asked about the timing of his decision to retire, and if he would have in fact done so were it not for the fallout in the credit markets and the challenges facing the bank's balance sheet, he didn't mince words. "I retired after 38 years and I don't want to talk about it," says Taylor.

There are thousands of such stories, one of which belongs to **George Raab**, former managing director at Bear Stearns. He not only left Bear after a nearly 10-year career but also opted for his swan song on Wall Street for what is arguably one of the noblest of all professions--education. Raab was offered the job of chief financial officer at the New York City Department of Education (DOE), says DOE spokesman

Andrew Jacob. (The offer is contingent on a standard background check and will not be formalized until that time.)

Financial-services industry recruiters differ in their perspectives on the severity of the credit meltdown, and the subsequent affect it has had on the investment-banking community. One trend they can all agree on is the impending explosion of new boutique investment banks.

"We will see the rise of the boutiques," says Gerson. "In addition to capital the corporate world is still going to need strategic advice. You will see a drain of the high quality professions to the boutique world, private equity or hedge funds."

Firms such as **Moelis & Co.**, founded by former **UBS** star **Ken Moelis**, started poaching from the bulge brackets years ago and are simply continuing in that vain. "UBS has become one of the biggest casualties of Wall Street over the past five years," says **Richard Lipstein**, managing director at **Boyden Global Executive Search**. "I think Moelis is one of the most highly regarded beneficiaries of the layoffs."

To this day, Moelis is drawing in talent from his days at **Drexel Burnham Lambert** and **Donaldson, Lufkin & Jenrette**, most recently tapping **Kenneth Viellieu**. Viellieu joined Bear in 2001 from DLJ as head of its Chicago investment banking business. In June, Viellieu was named head of Moelis' Chicago office. "It's the firms that have the ability to recruit people they previously worked with that are more likely to be successful," says Lipstein.

While other industry experts agree about the quantity of firms that may pop up, not everyone agrees on quality. "I don't think you will see successful boutiques spring up from people who weren't successful in their former jobs," says veteran recruiter **Les Carter**, founder of **Carter Stone & Co.** "They are desperate."

The shuffling of the talent on Wall Street is perhaps the most severe of the shifting sands in financial services, certainly the most personal. What's next is going to depend in large part on how the coming months unfold.

One recruiter expects investment-banker compensation to not only be down significantly in the future, but for the structure to continue to change to include more stock and other forms of equity. "We will go through a significant consolidation over the next year and a half. In the end, there will be four major institutions--JPMorgan, Bank of America, **Goldman Sachs** plus one more."

PRODUCTS OF THE FALL

Name	Former Company	Former Position	Departed	Where They Are Now
James Cayne	Bear Stearns	CEO	(Jan 2008)	TBD
Stanley O'Neal	Merrill Lynch	CEO & Chairman	(Oct 07)	Alcoa Director
Charles Prince	Citigroup	CEO & Chairman	(Nov 07)	Sconset Group
Marcel Ospel	UBS	Chairman	(April 08)	TBD
Warren Spector	Bear Stearns	Co-COO & Co-President	(August 07)	The Public Theatre
Zoe Cruz	Morgan Stanley	Co-President	(June 08)	TBD
Erin Callan	Lehman Brothers	CFO	(June 08)	Credit Suisse
Thomas Maheras	Citigroup	Co-Chief of Trading and Investment Banking	(Oct 07)	TBD
Joseph Gregory	Lehman	COO	(June 08)	TBD

Source: The Gerson Group