

## Regional dealer continues to grow despite recession

### Vancouver-based PI Financial is moving forward with its expansion strategy, including the acquisition of similar firms

By Clare O'Hara

Although some firms are struggling to remain afloat in today's difficult economic environment, Vancouver-based regional investment dealer PI Financial Corp. has managed to remain profitable and forge ahead with an aggressive growth strategy, which includes doubling its investment advisor base over the next five years.

"We are very confident with our platform," says Don Cromar, senior vice president of private-client services with PI Financial. "We have built a very competitive recruitment strategy, and what we are really trying to do is just get on the radar screen of all the advisors in our key markets."

Founded in 1982 by Max Meier, PI Financial's chairman and CEO, and John Eymann, the firm's vice chairman, PI Financial has seen its assets under administration grow to \$1.3 billion and is now home to 75 advisors. With offices in Vancouver, Victoria and Calgary, the firm is hoping to expand locally on both the retail and capital markets sides of the business.

This past February, PI Financial purchased **Gateway Securities Inc.**, a Vancouver-based investment dealer that specializes in servicing individual, corporate and institutional clients. PI Financial gained client accounts in the acquisition, and also added 13 investment advisors.

"We saw this acquisition as a good fit because we already knew the principles of the firm, as well as a number of the advisors," says Jean-Paul Bachelier, president and chief operating officer of PI Financial. "Gateway was physically close to us, and we both worked off the same back-office system, which made the transition for advisors and clients a seamless one."

The executive team at PI Financial is on the lookout for further acquisitions.

The firm's growth comes during a time when many financial services firms haven't been able to prosper. Gateway Securities president and CEO David Fawkes said the company's decision to enter into the deal with PI Financial was partially a result of recent market turmoil.

More recently, in an unrelated deal, Calgary-based **Professional Investment Services (Canada) Inc.** — the Canadian operations of Australia-based Professional Investment Holdings Group — suffered losses in the global meltdown and was sold to Richmond Hill, Ont.-based **Global Maxfin Investments Inc.**

Cromar, who joined PI Financial in February with a mandate to develop the firm's wealth-management department, is focused on recruiting experienced advisors who have a strong approach to wealth management, as well as those who are active on the corporate finance side.

All PI Financial advisors are licensed by the **Investment Industry Regulatory Organization of Canada** and — in addition to full access to Canadian and U.S. equities, fixed-income, mutual funds, options, retirement plans and tax-advantaged products — life insurance products are also available through the firm's life insurance subsidiary, **PI Financial Services Corp.**

Advisors are able to choose the business model that works for them, including fully managed discretionary accounts, fee-based accounts or traditional commissions based accounts.

The average book of business among PI Financial advisors on the wealth-management side is \$40 million; advisor payouts start at 50%. Advisors also have an opportunity to obtain employee ownership.

PI Financial is 25% owned by Montreal-based **National Bank of Canada**, which allows advisors access to both PI Financial's and National Bank's individual company research reports, updates and industry reports. Cromar says PI Financial's platform, which offers advisors both wealth-management and corporate-finance opportunities, helps differentiate the firm from its competitors, especially bank-owned dealers.

"The fact that we have the ability to offer a platform to advisors in which they are able to do both deal financing — raising money for public and private entities — as well as right across the spectrum to a very conservative wealth-management business is attractive," Cromar says. "We are equipped to do both platforms, which enables us as a firm to go out there on the Street and look for any type of advisors, as long as they are doing quality, compliant business with the intent to do right by their clients."

It comes as no surprise that the firm has compliance on the top of its list of desirable qualities in advisors.

In July 2001 the **B.C. Securities Commission** issued a notice of hearing into whether executives at PI Financial, then known as Pacific International Securities Inc., had contravened the "know your client" rule, the business procedures rule and had acted contrary to the public interest. The BCSC accused the firm's directors of not adequately supervising the activities of some of its clients on the U.S. over-the-counter bulletin board during the period from 1995 to 1997.

The BCSC hearing took 124 days over a period of almost three years.

In a split decision — the first in the BCSC's 19-year history — a majority of panel members found that the BCSC enforcement staff did not prove any of the allegations in the notice of hearing. Pacific International and its directors were vindicated on all matters.

"It was a very long hearing, and a very difficult time for everyone who worked here. And, in the end, we were vindicated, which is what we always expected," says Bachellerie. "Despite the long, drawn-out process, we didn't lose any advisors from it. And from there, we have moved forward with confidence in our strong corporate governance."

The firm has a number of long-standing tenured advisors; that, Bachellerie says, comes as a result of the firm's close-knit corporate culture: "Everybody at the firm has unfettered access to all the executives, and advisors know that they can come talk to management at any time."

Despite a difficult year, the firm still believes in recognition. Advisors can qualify for trip incentives through both the Chairman's Club and the Gold Club, based on their level of production.

Executives also bring the staff together for boardroom lunches on Fridays once a month, as well as provide birthday lunches for every employee.

"We are an independent, small boutique in which everybody knows each other," says Bachellerie.

"We have very little turnover, and these incentives and small touches allow us to maintain a community culture in which people want to stay — and it shows in the longevity of our staff." **IE**