

Joe and Richard
Romano

Romano
BROTHERS & CO.

*Romano Brothers & Co.
invests in the future of
Evanston through their
business and their sense of
community philanthropy.*

AN INVESTMENT IN EVANSTON

WORDS BY DONALD LIEBENSON / PHOTOGRAPHY BY ROBIN SUBAR AND JILL BRAZEL

Joe Romano and his father, Richard, have a lot invested in Evanston. They are the president and chairman, respectively, of Romano Brothers & Co. Wealth Management. Evanston is the city where Richard started the firm in 1962. It is where many of the boutique firm's 18 staff members live. And "from day one," says Joe, a certified financial planner, it is to Evanston that the firm gratefully gives back in a myriad of ways.

"The philosophy was always to be a community investment firm," Joe reflects, emphasizing the word "community." "The feeling was, since we were starting the firm in Evanston, we needed to be out and involved in the community as well. My father and my uncle,

Robert, made a conscious decision that they didn't want to be on the 44th floor of an office building on LaSalle Street where all the other broker dealers were. They wanted to be rooted in Evanston."

Richard Romano lived in Evanston when he began "knocking on people's doors and introducing himself and the firm," Joe relates. "He got his start basically by selling shares of local bank issues; such as First Illinois Bank, which turned out to be a tremendously successful investment."

For over five decades in Evanston, the firm, located at 1560 Sherman Avenue, has been "within 150 feet of the corner of Davis and Sherman," Joe, 45, notes. Romano Brothers & Co. Wealth Management today manages more than \$1 billion in assets. *Financial Times* recently included it on its list of 300 Top Registered Investment Advisors.

While the firm serves elite high and ultra net worth clients, it got its start offering services to the smaller non-millionaire investor, a philosophy to which it still adheres. "We've been fortunate to stay true to that mission," Joe states.

As to the firm's commitment to Evanston, it is reflected in the number of its staff ties to the community. Joe, who grew up in Northbrook, is now himself an Evanston resident. Several staff members are graduates of Evanston Township High School (one is a fifth-generation ETHS grad).

Because of this, firm members are represented on many city and local charitable boards. Joe has been involved with, among others, Connections for the Homeless, the Youth Job Center, and the Evanston Firefighter Pension Review Board. Richard Romano is a past chairman of the McGaw YMCA.

In 2014, the Evanston Chamber of Commerce honored Joe as Business Person of the Year. Joe and the firm, says Elaine Kemna-Irish, the Chamber's executive director, "know the community and have been instrumental in helping businesses and the community grow." The honor, she added, was also for the firm's unwavering commitment to the city. "They stayed here even when times were tough in 2008. Some firms could have moved to other communities, or to Chicago, but they knew the importance of [maintaining a presence in] Evanston, and chose to stay."

Other staffers are members of service organizations such as the Kiwanis and Rotary Clubs of Evanston. The firm

is among the supporters of Youth & Opportunity United and the Women's Club of Evanston. "We see so much need with human service organizations, especially in this day and age with cuts in state funding," Joe says. "We've financially supported a lot of arts initiatives," he adds, including the Evanston Symphony Orchestra's Christmas concerts and Light Opera Works.

In addition to volunteering time and money, the firm also has been called upon to manage the endowments of several local not-for-profits. "But that is a small part of our business," Joe says. "The work we've done in the community is primarily through volunteering, serving on boards and direct financial support. Ninety-eight percent of our business is working for [our investors]. And we are co-invested in the same ideas as our clients."

This year marks the 20th anniversary of Joe and his father working together. His interest in finance was sparked, he says, by conversations around the dinner table. By junior high school, he was learning how to read corporate annual reports. A sister, who worked with the firm for a decade, is now a full-time homemaker. A brother, who earned his engineering degree from Princeton, runs his own industrial construction company. Joe graduated from Wesleyan University in Connecticut in 1992 with a B.A. in economics.

"My father leads by example," Joe praises. "He is a firm believer in spreading the gospel [of financial literacy]. For him, this meant teaching an investment course at New Trier Extension on investment fundamentals. When I was in high school, I was sitting in the back of the room taking that course and watching him in action.

Joe himself teaches that course today.

"We are big believers to this day that our clients should be knowledgeable," Joe affirms. "They don't have to be pros—that's why they come to us—but they should be aware and be able to speak the language [of personal finance] with us."

Joe has followed in his father's footsteps beyond joining the family firm (he became president in 2003) and becoming an Evanston resident. Just as his father was appointed to the National Association of Securities Dealers, so, too, was Joe recently appointed to a three-year term to the Board of Governors of the Financial Industry Regulatory Authority, the independent regulator for all securities firms doing business in the United States.

But he also credits his mother for supporting her husband's vision, particularly in the firm's earliest years as it struggled to establish itself. Richard, who had a Ph.D. in chemical engineering, supplemented his income during this time by teaching math and science part-time at Northwestern University and University of Illinois at Chicago. "Mom supported the family on her Chicago public school teacher salary," Joe says. "She never once said to my father, 'When are you going to hang it up?' She has as much stake in this as any of us."

The recent honors are appreciated, Joe says, but he is not "100 percent" comfortable being in the spotlight. "I come from a very humble family," he says. "It's nice to be recognized, but we believe in results rather than talking about ourselves."

Award Methodology & Selection Criteria

Financial Times 300 LIST

Methodology Selection Criteria

In assembling the FT 300 list, we assessed registered investment adviser (RIA) practices from the perspective of current and prospective investors.

The FT's methodology examines the database of RIAs that are registered with the US Securities and Exchange Commission and selects those practices reporting to the SEC that have \$300m or more in assets under management (AUM). This assures a list of companies with established and institutionalized investment processes. The RIA companies have no subjective input.

The FT then invites those qualifying RIA groups, which amount to more than 2,000, to provide further information about their practices.

That is augmented with our research, including data from regulatory filings. Some 650 RIA companies qualified, meaning 48 percent of them made the list.

The formula the FT uses to grade advisers is based on six broad factors and calculates a numeric score for each company. Areas of consideration include AUM, asset growth, the company's years in existence, industry certifications of key employees, SEC compliance record and online accessibility:

- AUM: signals experience in managing money and client trust
- AUM growth rate: growing assets is a proxy for performance, asset retention and ability to generate business
- Company's years in existence: indicates reliability and experience in managing assets
- Compliance record: provides evidence of past client disputes – a string of complaints can signal potential problems
- Industry certifications (such as CFA and CFP): show technical and industry knowledge and a commitment to investment skills
- Online accessibility: this illustrates a commitment to providing investors with easy access and transparent contact information

AUM and asset growth comprised roughly 80 to 85 percent of each adviser's score.

We present the FT 300 as an elite group, not a competitive ranking from 1 to 300. This identifies the industry's best advisers while accounting for the firms' different approaches and varied specializations.

Five Star Award

Determination of Award Winners

Eligibility Criteria – Required

1. Credentialed as an investment advisory representative or a registered investment advisor.
2. Actively employed as a credentialed professional in the financial services industry for a minimum of five years.
3. Favorable regulatory and complaint history review.
4. Fulfilled their firm review based on internal firm standards.
5. Accepting new clients.

Evaluation Criteria – Considered

6. One-year client retention rate.
7. Five-year client retention rate.
8. Non-institutional discretionary and/or non-discretionary client assets administered.
9. Number of client households served.
10. Education and professional designations.

Research Disclosures

- Wealth managers do not pay a fee to be considered or placed on the final list of Five Star Wealth Managers.
- The Five Star award is not indicative of the wealth manager's future performance.
- Wealth managers may or may not use discretion in their practice and therefore may not manage their clients' assets.
- The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by Five Star Professional or Chicago magazine.
- Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success, nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by Five Star Professional in the future.
- Five Star Professional is not an advisory firm, and the content of this article should not be considered financial advice. For more information on the Five Star award and the research/selection methodology, go to www.fivestarpromotional.com.
- 5,833 award candidates in the Chicago area were considered for the Five Star Wealth Manager award. 716 (approximately 13 percent of the award candidates) were named 2015 Five Star Wealth Managers.

Regulatory Review

As defined by Five Star Professional, the wealth manager has not:

- Been subject to a regulatory action that resulted in a license being suspended or revoked, or payment of a fine.
- Had more than a total of three customer complaints filed against them (settled or pending) with any regulatory authority or Five Star Professional's consumer complaint process.
- Individually contributed to a financial settlement of a customer complaint filed with a regulatory authority.
- Filed for personal bankruptcy.
- Been convicted of a felony.

Five Star Professional conducts a regulatory review of each nominated wealth manager using the Investment Adviser Public Disclosure (IAPD) website. Five Star Professional also uses multiple supporting processes to help ensure that a favorable regulatory and complaint history exists. Data submitted through these processes was applied per the above criteria:

- Each wealth manager who passes the Five Star Professional regulatory review must attest that they meet the definition of favorable regulatory history, based upon the criteria listed above.
- Five Star Professional promotes via local advertising the opportunity for consumers to confidentially submit complaints regarding a wealth manager.
- Five Star Professional contacted approximately 1 in 12 households identified as having a high propensity to use the services of wealth managers in order to provide consumers the opportunity to submit complaints regarding a wealth manager.

For more information on the program, go to www.fivestarpromotional.com/wm_program.