

The Wall Street Journal

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MONDAY, SEPTEMBER 9, 2002 - VOL. CCXL NO. 49 - ★★★★★ \$1.00

DEALS & DEAL MAKERS

Jefferies Hires Large Team from Defunct Robertson

By **SUSANNE CRAIG**

Jefferies & Co., unsuccessful in its bid to buy now-defunct rival Robertson Stephens, has picked up a team of bankers and analysts from the once highflying West Coast securities firm.

Los Angeles-based Jefferies, a unit of **Jefferies Group Inc.**, has hired 21 people from Robertson, including investment banker David Reilly, who will lead Jefferies's investment-banking division. Scott M. Sullivan, former head of institutional sales at Robertson, will become co-head of stock-research sales at Jefferies.

While several people from Robertson have found work at other firms, Jefferies is the first company to hire so many in one move. A smaller group, including media analyst Lowell Singer, has landed at brokerage firm SG Cowen Securities Corp., a unit of **Société Générale SA**, over the summer. His move followed that of Lauren Cooks Levitan, an online-retail analyst who left Robertson before parent **FleetBoston Financial Corp.** pulled the plug on the division in July.

The move by Fleet to shutter Robertson came after an unsuccessful search for a buyer despite bids from a number of firms, including Jefferies. An attempt by Robertson's management team also failed.

Robertson's demise threw about 900 people out of work. At its peak Robertson took some of the country's best-known technology firms public, including **Sun Microsystems Inc.**

Jefferies decision to hire the Robertson team comes amid a continued employment drought on Wall Street. Some of the biggest firms have done the most significant trimming. For instance, **Merrill Lynch & Co.**, with the nation's largest brokerage force, has reduced its staff by about 17,400, or roughly 25%, since the end of 2000.

Richard Handler, Jefferies chairman and chief executive, says the layoffs on Wall Street have provided Jefferies with a great opportunity to expand its business. "Throughout the process we met a variety of people at Robbie and we earmarked this group," he says. "Our goal is to be the best mid-cap investment bank."

Jefferies had an average of 1,229 employees in the second quarter ended June 28, up from 1,073 in the same period a year ago, and 890 at the end of the second quarter in 2000.

Jefferies is far from the top in any of the underwriting league tables, but it has carved out a place in the top 20 in areas such as high yield and U.S. initial public offerings. The firm hopes to expand its presence in these areas and in investment banking, where it has very little traction.

Over the past year, Jefferies Group's stock has fared better than most. Its one-year return is about 1%, compared with a stock drop of 20% or more at **Merrill, Goldman Sachs Group Inc.** and **Morgan Stanley**. Jefferies Group closed Friday at \$43, up 89 cents, or 2.1%, in 4 p.m. trading on the New York Stock Exchange.