U.S. seeks financial agents

Richmond Group waits as Treasury picks entities to help with bailout plan

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By CAROL HAZARD
TIMES-DISPATCH STAFF WRITER

Part of the government's $700 billion bailout plan could be handled by a commodities trading firm in Goochland County.

Richmond Group Fund Co., a hedge fund manager and global trader that operates in a stone house near the Richmond Country Club, submitted a proposal to the Treasury Department to help with the troubled assets relief program.

"We want to help. We're Americans," said Bob Marcellus, president of the seven-year-old firm that manages $65 million in client assets.

Marcellus said he expects to hear back within the next few days.

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Richmond Group manages a fund of 30 world currencies. The firm follows the flow of money around the world and invests accordingly.

It also manages a global fund consisting of 10 percent in equities and the rest in fixed income, currencies and commodities.

"We are more well-known on Wall Street, in London and Zurich than in Richmond," Marcellus said, because of the types of investments Richmond Group handles.

Deutsche Bank is a client. Richmond Group is one of about 60 institutional fund managers for the German bank and one of its top performers, banking experts say.

The Treasury Department on Monday queried financial institutions to see which are interested in managing troubled assets. It could not be determined yesterday how many firms responded to that request. The deadline was 5 p.m. Wednesday.

Marcellus said he made the deadline with 20 minutes to spare. The request was quiet and unprecedented, he said.

"The Treasury doesn't have a trading team; it doesn't have the infrastructure to do this. We know the markets. We trade in them every day."

Marcellus said his company would not charge its normal fees, which is a percentage of profit. "We would do this as inexpensively as possible," he said, without specifying what he would charge.

It could take months or years to unload the troubled mortgage assets, Marcellus said. "There is so much vagueness and uncertainty revolving around the whole thing."

His firm never dealt in over-the-counter mortgage securities, he said. "That is why I think our firm has a shot. We can coordinate without bias and conflict."

Leighton Strader, a partner with Virginia Ventures in Williamsburg, said the government would most likely choose the top 50 money managers in the world.

His firm, a financial-services firm that deals with institutional managers and investments, did not answer the query, he said.

The best solution would be to invest to recapitalize banks, which would unlock the credit markets -- as the Treasury Department said it would do yesterday -- and not buy a pile of bad mortgage loans, Marcellus said.

In essence, the Treasury Department would use the money allocated by Congress to buy bonds or stocks in troubled banks, he said. The bonds would be coupled with warrants or some form of preferred stock, which U.S. taxpayers would own.

"The situation is so fluid," Marcellus said. "Even if banks are recapitalized, the government will end up with some paper [bad mortgage loans and debts] to move."

Recapitalization will be less work for firms such as his.

"It would be more of a stimulus package instead of a bailout," he said. "That is much more morally and financially sound."
Contact Carol Hazard at (804) 775-8023 or chazard@timesdispatch.com