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Pinnacle outlines growth strategy

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SYRACUSE — Pinnacle Holding Co., LLC, parent to a group of financial-services firms, has plans to expand in the coming years, starting with two new offices in New York state in the next six months.

The new locations will join the company's existing offices in Auburn, Albany, Fayetteville, and its Syracuse headquarters. Pinnacle Holding CEO Gregg Kidd declined to say where the new offices will be located since they involve employees moving over from other firms.

A third new office in Naples, Fla. is likely to follow the New York sites soon, Kidd says.

And, the company could be looking to grow throughout the country in the future, he adds. A new addition to Pinnacle Holding's board of directors should help with that task.

Thomas Smach, a founding partner of the California-based private-equity firm Riverwood Capital, joined the board in September. Before Riverwood, Smach was CFO of Flextronics International (NASDAQ: FLEX).

He has overseen more than 100 company acquisitions and the sale of dozens of others. His experience in mergers and acquisitions will be a major benefit to Pinnacle Holding, Kidd says.

The company plans to explore acquisitions of other financial-services firms throughout the country, he says.

Pinnacle Holding is the parent company to several financial firms. Pinnacle Investments is an independent broker-dealer providing financial planning, wealth management, traditional securities brokerage, and employee-sponsored retirement plans.

Pinnacle Capital Management is a money-management firm serving institutions, pension funds, and high net-worth individuals. Confidential Planning provides 403(b) retirement plans to schools and nonprofit organizations.

Pinnacle also runs its own mutual funds and is affiliated with LakeWater Capital Management, a hedge fund based in Fayetteville.

Pinnacle has benefited greatly from the ongoing turmoil in financial markets, Kidd says. The company has tripled its revenue in the last four years.

The financial upheaval of recent years is due mainly to problems at big investment firms, Kidd notes. That has driven clients and financial professionals to smaller companies.

Pinnacle has been able to hire a number of employees away from larger financial firms, Kidd says. Those people bring their clients with them.

Pinnacle would not be seeing anything approaching its recent growth if not for the financial crisis, he contends.

"I think the world changed a few years ago," Kidd says. "And I think people are still trying to figure it out. But, I think it's pretty clear that the big, big firms, it's

going to be hard for them grow. The pressure is on them to get smaller."

For those who know where to look, there is plenty of opportunity for sound investments and solid returns, even in a challenging market, Pinnacle Capital Management CEO Joseph Masella says. He joined the firm in October. Masella has also joined Pinnacle Holding's board of directors.

Masella spent 35 years in the life-insurance and financial-services industries before joining Pinnacle, including a stint managing the \$250 million investment portfolio for Unity Mutual Life Insurance Co.

Masella plans to grow Pinnacle Capital's roster of institutional clients. His previous experience in the life-insurance industry brings numerous connections in that sector, Kidd notes.

"Institutional relationships are slow to develop," Masella says. "Typically once they develop, inertia sets in. It can be hard to dislodge them."

Most of Pinnacle Capital's clients now are individuals.

Masella also plans to focus on developing new investment products aimed at a range of investors, asset levels, and risk classes.

Pinnacle employs 48 people total and has about \$1 billion in assets under management. □

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