

# Investment firm has fascinating story

## MacDougall, MacDougall & MacTier

By PETER HADEKEL, Freelance March 4, 2010

It's a rare thing when a firm in the investment business can claim a 160-year history of independence.

Montreal's MacDougall, MacDougall & MacTier, known to its customers as 3 Macs, has defied the odds and survived the many waves of mergers and acquisitions that have hit the investment industry over that time.

In the process, it's been an important part of the financial history of anglophone Montrealers.

The story is told in an absorbing book published by McGill-Queen's University Press, titled *Staying Connected: How MacDougall Family Traditions Built a Business over 160 Years*.

Clearly, the book has struck a chord among customers and employees, past and present. It's been listed in *The Gazette's* nonfiction bestseller list for the past three weeks.

It's also a fitting tribute to the late Jim Ferrabee, a much-respected editor and foreign correspondent for many years at *The Gazette*, who wrote the first half of the story before health problems forced him to step aside.

Ferrabee passed away in January, before getting the opportunity to savour the success the book is now enjoying. The project was completed by Michael St. B. Harrison, a former president and CEO of the firm.

*Staying Connected* is not only a testament to one firm's successful business strategy, it's also a rich history of anglo Montreal, dating from the arrival of Scot Lorn MacDougall in this city in 1840.

It details a part of the family compact that dominated the Montreal economy in the 19th and early 20th centuries, through intermarriage between the MacDougalls and other prominent Montreal families, including the Molson, Reford, Price, Paterson and Pitfield families.

This network of relationships undoubtedly explains part of the firm's success at building a customer base in wealth management.

But there was plenty of business acumen along the way.

Lorn MacDougall first established a brokerage business that traded in flour and grain, before moving into stocks and bonds as the booming Montreal economy began to industrialize in the 1850s and 60s.

He became the first president of the Montreal Stock Exchange when it was formally founded in 1874, while the family firm, MacDougall Brothers, enjoyed good connections with the Bank of Montreal.

They won a major role in the the first issue of stock in the Bell Telephone Co. of Canada - a \$500,000 issue in 1880.

MacDougall Brothers continued under the direction of of Lorn's brother, St. Clair, and then his nephew, Hartland, one of the founding partners of the Montreal Maroons of the National Hockey League.

The story is told that when Wall St. crashed in 1929, Hartland came home from the office and told his family: "The bad news is that we are virtually broke. The good news is that we have no debts and owe nobody." The firm would survive and prosper through the war years and the subsequent postwar boom, largely under the direction of Tommy MacDougall.

In 1968 came the prescient decision to open an office in Toronto, two years before the October Crisis helped spark an exodus from anglo Montreal. The Toronto office today accounts for about 30 per cent of the firm's business.

The company also has offices in Quebec City and London, Ont. In 1960, it acquired broker MacTier & Co.

What accounts for its ability to stay on its own for so long? Former chairman Bart MacDougall ascribes it to 3 Macs' focus on customer needs.

For example, clients have the choice of paying an overall fee for management of their portfolio or paying commissions on each trade, he said in an interview The company is not involved in investment banking and has therefore avoided the cycles of boom-and-bust that come along with that.

Because it does no underwriting, its stock recommendations are objective, he says.

"We don't have an axe to grind." "Obviously, our revenues dropped dramatically in the financial crisis. We were down about 50 per cent as the markets dropped." But there has been no thought of selling out, MacDougall says. The future of 3 Macs is in the hands of its "revenue producers," the investment advisers who choose to continue to work at a firm that has showed remarkable staying power.

phadekel@videotron.ca

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