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Old line investment firm Villere & Co. has seen a lot of change in New Orleans over a century

Villere & Company partner George Villere Young, a member of the fourth generation of the family to run the 113-year-old New Orleans investment firm.

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To stroll down the hall of investment firm Villere & Co.'s offices on the 18th floor of the PanAmerican Life Center on Poydras Street is to journey through New Orleans' financial history.

On the wall are framed "tombstones" — what bankers call the ornate notices of bond and stock financings — which commemorate some of the underwriting St. Denis J. Villere and his successors took part in during the early decades following the firm's founding in 1911.

There is one marking the \$3 million gold-backed bond issue in 1933 for the State of Louisiana Port Commission. The bonds were issued the year President Franklin D. Roosevelt abandoned the gold standard and were among the last series of bonds backed by the yellow metal.

Other tombstones memorialize financings for the Watson-Williams bridge (now called the Maestri bridge), the first across Lake Pontchartrain linking New Orleans to the North Shore in 1928. Also, a bond issue for The Lookout Mountain Hotel, which was known as the "Castle in the Clouds" when it was built in 1928 near Chattanooga to cater to the tourism boom at the time. It is now Carter Hall, part of Covenant College.

As old as the firm is, the Villere family can trace their New Orleans roots back much further, to Jacques Phillippe Villere, son of King Louis XV's naval secretary in Louisiana, born near the city in 1761 and later elected as the state's second governor. His son, Gabriel Villere, was the militia man who warned Andrew Jackson that the British were camped on the Villere plantation, leading to the Battle of New Orleans in 1812.

Here, George Villere Young, one of the fourth generation of Villeres currently running the firm, talks about how the city's investment environment has changed.

Questions and answers have been edited for length and clarity.

Can you talk a bit about the early years of the firm and how it operated?

If you think about starting this firm in 1911, back then bonds were where the action was. Stocks were considered just too risky for most people who wanted to protect their wealth. So, my great grandfather then started to buy mutual funds for his clients, which were just getting going in the mid-1920s. (Mutual funds, started in 1924, pool investors' money and allow them to take a stake in a broad array of stocks, thus spreading the risk). He was also very early into discretionary investment advising.



Explain what's meant by discretionary investing and how he got into it?

So, a client says, "Hey, I would like you to charge me a fee, and you pick the stocks. I need growth. I need income. I'm concerned about taxes, I need to start a trust for my disabled child, or whatever special reconsiderations. Those are my objectives, you buy whatever stocks and bonds that you think are right. Every once in a while, let's see how you compare against stock market averages, like the S&P 500." That's the basic way things still work today. But if you go back to the 1930s, that was a very unusual concept.

And how did the firm get into discretionary investing early on?

Frank Griffith Otis, who had sold the New Orleans firm founded by his father, (which was once the world's largest mahogany manufacturing company), approached my grandfather, Ernest Villere. He said, "I just sold my company. I want to enjoy myself, take a trip around the world for a year or so. I have a novel idea: How about if I leave it to you to manage my money. I'll pay you an annual fee and I trust you to do fine for me." So, that was the beginning of the whole concept of discretionary investing by a local investment advisor. It was also the time it was taking off nationally in the 1930s.

How much money do you manage now? Also, the fact you don't underwrite stock or bond issues anymore or have broker-dealer status, how does that reflect changes locally, nationally?

We manage about \$1.8 billion in equity and bonds now for wealthy individuals, families, trusts, institutions. Yeah, we got out of underwriting a long time ago, way before my time and I've been in the business over 40 years. We maintained our broker-dealer status until about 30 years ago but it just got cumbersome and expensive and we didn't want to have to hold securities. Now we use Schwab as our main custodian (handling transactions and back office paperwork). We used to be a member of the New Orleans Stock Exchange but that's long gone. (Merged in 1959 into the Midwest Stock Exchange, which now is NYSE Chicago). In fact, we don't even participate in (initial public offerings) or secondary offerings of stocks because the SEC rules mean we'd have to divide the small amount of stock we'd be allocated among all of our clients, which wouldn't make sense.

What is your sense of how the New Orleans investment ecosystem has developed since we've had some real wealth created over the last decade or so in the startup tech sector?

New Orleans unfortunately morphed from an energy and trade center to taking a back seat to Houston for energy and a variety of other ports for trade. Certainly Atlanta has dominated as a haven for public companies and transportation. We've had some tech success but that pales in comparison to Silicon Valley, Boston etc. Our workforce is part of the problem, some might say that's also the charm.

Apart from the tech sector, where do you see wealth being created in our region these days?

Tourism is the constant but that doesn't create much wealth. Katrina certainly shifted some assets and population to St. Tammany and Baton Rouge. I'd like to be more optimistic but we are overly dependent on legacy industries.