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Member Profile:

John Moody,

**Matrix Settlement &
Clearance Services**

SPARK MEMBER PROFILE

John H. Moody

John Moody is a visionary. That trait, combined with his passion for the investment business, made it a natural fit for him to lead an organization that helped change the way the mutual fund industry trades and settles funds. It all began ten years ago when a banker friend in Colorado asked him to join his newly acquired trust company based out of Texas. Although John had no interest in leaving his Colorado home, he agreed to come on board if he could start a separate division in Denver. Thus was born Matrix Advisory Services, which eventually became Matrix Settlement and Clearance Services.

As John tells the story, Pat Clark of the registered investment advisory firm, Clark Lanzen Skalla, called him for help with a unique problem: finding a custodian that could trade in long title. In other words, he was looking for a firm that could keep the name of individual brokers on mutual fund accounts, which meant that the broker could collect his or her commissions and 12(b)-1s directly from the fund companies. Mainstream custodians couldn't provide this service because they rolled up their trades in omnibus accounts.

"At the time, I was the only employee, had no customers and a business plan on a napkin. Pat had \$700 million in mutual fund assets and was looking for a solution. So I said, yes, I'd love to be the guy to help you," John recalls.

In the months ahead, Matrix became a member of the National Securities Clearing Corporation (NSCC), which allowed it to clear and settle trans-



John H. Moody

President

Matrix Settlement and
Clearance Services

actions on behalf of clients, and hired Optech Systems to build the connection to the NSCC. Says Moody, "After a year of building and testing the system, Clark Lanzen Skalla converted their business to Matrix. It worked great – everything was as we wanted it to be."

The next hurdle, bringing the service to the wider marketplace, was solved in 1999 when Matrix entered into a

joint venture with Optech, becoming one of the first bank and trust entities to process trades electronically. "We were able to tell prospective clients they didn't need to bother with omnibus. Plus, our ability to do long title became the magic we had that few others did," Moody says.

One of Matrix's biggest markets was the \$1 to \$10 million retirement plans, which came primarily through brokers, who wanted automation, efficiency and to be the broker of record. "Our ability to do this became a real franchise value and allowed us to do business with a number of major record keepers across the country that were getting their business from brokerage firms." The ability to trade in long title also appealed to the bank market, not only because it was attractive to broker dealers, but also because it alleviated redemption fee tracking.

Business boomed. Today, Matrix trades \$70 billion on behalf of more than 300 institutional clients with about a third of that in retirement assets in custody at its trust company. The firm has 95 employees in its Denver headquarters and New York office.

“The past few years have been a wonderful ride. It’s been a lot of hard work and a lot of meeting up with the right people.” One of the right people is his partner, Cliff D’Amato, who was with Optech initially, but moved to Denver in 1999 when the joint venture was formed. “We run the business together. Even though we have very different backgrounds and personalities, we complement each other and work well together. I think the combination has really helped us succeed. We always tease each other – I tell him I taught him how to be a salesman and he tells me he taught me how to actually deliver what I sell.”

Two years ago, the joint venture ended when Optech bought out Matrix. Going forward, John believes the company’s growth will be fueled by strategic acquisitions (there have been two in the past couple of years) and by diversifying and broadening Matrix’s product line. For example, recently it started offering Web-based financial advisor tools for the retirement market.

Besides SPARK, John’s company is a member of the Investment Company Institute (ICI) the American Society of Pension Professionals and Actuaries (ASPPA), and the National Institute of Pension Administrators (NIPA).

Before Matrix

Born and raised in Des Moines, Iowa, John says he always liked to work. He started when he was 14 and, at 16, had his first sales job – in a ski shop – which provided an outlet for two lifelong loves: selling and skiing. He also worked during his college years while attending the University of Iowa,

beginning as a waiter and ending as night manager for a popular college hangout. After graduating in 1982 with a bachelor’s in economics, John joined a management training program at Xerox in Des Moines. A year later he was promoted to a sales territory based in Cedar Rapids, but ultimately left to pursue his dream of living in Colorado.

“Part of me always wanted to be a ski bum. So I quit my job, packed my stuff in my parents’ garage and moved to Colorado – unemployed and with no prospects. Twenty two years later I’m still here.”

John finally did find employment after his move – in the financial services industry. His first position was as a retail broker at Paine Webber. He laughs now when he recalls receiving his registered representative license in October of 1986. “Exactly one year to the day later the market crashed. I got a hard lesson in what being a stockbroker really meant.”

After three years, John moved to what was then Dean Witter and joined the Investment Management Consultants Association (IMCA), which introduced him to the retirement business. “I really was better suited to being a pension consultant. I never did like ‘kitchen table’ meetings. My branch manager used to call me the elephant hunter in the office because I preferred calling on corporations and trying to get their pension plan business.”

He found a niche selling retirement plans to municipalities in Colorado but was diverted from

his career in the early 1990s when he invested in, and ended up working at, a gourmet coffee shop. “After a couple of years I realized I shouldn’t have left the investment business. It was what I loved.”

So he returned to the world of financial services, but in a slightly different capacity when he took a post with the Trust Company of America, which provided custodial services for investment advisors. Three years later, when the call came from his friend at Matrix, he was in a good position to capitalize on the opportunity.

Still Skiing

These days, John’s recreation time is limited, but he still manages to ski most winter weekends with his family: his wife of 15 years, Cheryl, who’s a director at Charles Schwab’s call center, and their two children: Samantha, 14, and Jack, 13. “I’m glad to have passed on my passion for skiing to both of my kids – they’re very good skiers. They also snowboard, which I’ve tried, but it’s cost me several big bruises.”

Even though he’s constantly doing it for business, John also likes to travel. And he enjoys dirt biking with his son and bicycling, especially riding in the summertime the 28 miles round trip to his office. He’s golfed his whole life and just wishes he had the time to play more.

“I’m pretty busy so there’s not much time for recreation. I’m lucky, though, because I really enjoy my job. Work is almost my play.” ■

Matrix Settlement & Clearance Services

Matrix Settlement & Clearance Services (“Matrix”) is an industry leader in the processing of mutual fund clearing and settlement services for banks, broker/dealers, trust companies, third party administrators and registered investment advisors. Matrix provides a fully automated and low-cost solution for mutual fund processing that includes automated trading interfaces, daily reconciliation capabilities, a paperless and automated fund account opening process and a single net settlement for all trade activity. These services eliminate the difficult task of having Matrix’s clients execute new mutual fund agreements with their clients for every trade, saving time and resources while increasing trade accuracy. Matrix’s state-of-the-art technology has revolutionized the way mutual funds are traded and their positions are reconciled – setting a new industry standard.

A wholly owned subsidiary of MG Colorado Holdings, Inc., Matrix trades over \$70 billion on behalf of more than 300 institutions making it one of the largest processors of mutual fund clearing and settlement services in its industry. Its same-day trading volume for retirement plans through the National Securities Clearing Corporation’s Defined Contribution Clearance & Settlement service makes it the largest user of that service.