

Genesee Valley Trust sees improvement after losses

The company reports smaller loss in Q3 and profit for year to date

By THOMAS ADAMS

Genesee Valley Trust Co. has bounced back from a series of recent financial losses and, despite a loss of \$38,000 in the latest quarter, returned \$98,000 in the first nine months of 2011, filings show.

"As usual, there are several factors that go into that," President and CEO Joseph Dugan said this week.

One was the timing of the 2007 acquisition of GVT by Canandaigua National Corp., Dugan said. The parent of Canandaigua National Bank & Trust Co. bought GVT just months before the financial meltdown in 2008.

"That was an interesting year for the markets and the value of (GVT) assets as a result of that," Dugan said. "There was a little bit of the same thing in the third quarter of this year. It was, obviously, not as dramatic, but that was the difference in the third quarter as opposed to the rest of the year."

The quarterly loss is an improvement over a year ago, when GVT lost \$94,000 and accumulated losses of \$238,000 over the first nine months of 2010, the bank reported in filings last week with the U.S. Securities and Exchange Commission.

Acquired in 2007 by Canandaigua National Corp., GVT lost \$961,000 during the first nine months of 2009.

Canandaigua National reported net income of \$5.02 million for the latest quarter, up 6.5 percent from \$4.72 million in the third quarter of 2010, filings show.

Quarterly income for Canandaigua National Bank was \$5.25 million, up 2 percent from \$5.15 million in the third quarter of 2010, filings state.

The company's third segment, CNB Mortgage Co., posted income of \$264,000 in the quarter.

Intersegment services lost \$455,000,



Photo courtesy of Canandaigua National Corp.

President and CEO Joseph Dugan

compared with losses of \$621,000 a year ago.

"We're doing tremendously well, both the bank and GVT," Dugan said. "We continue to stick to our mission, which is to provide comprehensive financial services to individuals and businesses in our community."

The GVT philosophy is unique to Canandaigua National and separate from the bank's Wealth Strategies Group, Dugan said.

"We need to have a solution for our corporate customers and individual customers in the Rochester community that represents the kind of investment model that GVT offers," he said. "That has benefited Canandaigua National and is benefiting GVT as we continue down this path together."

The investment model is what attracted Canandaigua National to GVT in the first place, Dugan said.

"We at GVT think, act and behave like a small investment firm," he said. "We have investment-type products that you'd find in an IRA as opposed to more of the traditional bank-styled investments at Canandaigua National.

"This alternative exists on its own and does not get involved in commercial or re-

tail banking. It just does investments and has the brand image of an investment firm. It has allowed CNB to have an alternative for their clients as well."

Dugan, an executive with Canandaigua National since January 2001, was named CEO at GVT in January 2010, a month before former President Brian Costello resigned. Dugan was named president and CEO last January.

Dugan also is executive vice president of the Customer Value Management Group, with responsibility for defining and managing the bank experience for clients throughout its lines of business.

"The difference in the market from 2007 until now had an impact," Dugan said of GVT earnings. "But we have done a couple of things here to reinforce who we are and what our primary focus is.

"At the heart of what we do is our investment management model and understanding that value whether we're offering an investment portfolio to an individual client or an investment portfolio within a 401(k) or an investment portfolio as part of a trust."

Investment is part of those services, he said, but the model has not changed.

GVT executives have solicited help and advice from the company's investment advisory group, five community leaders who meet with GVT leaders each quarter.

"That gives us an additional layer of objectivity in our investment process," Dugan said. "It ensures that we're also focused on a macro point of view as well as the micro point of view here in the Rochester community."

That was the first step, he said.

"Step two is we really have started to become more traditional in our marketing efforts," Dugan said. "You're seeing quite a few more GVT ads."

Most of the advertising is in print media, he said. The firm plans to do more on radio and is focusing on Web- and Internet-based communications.

"(They have) provided new ways to reach out to clients," he said.

GVT has \$400 million in assets under management, down from \$440 million in

January, Dugan said.

“Most of that has been the third-quarter market value change,” he said.

James D’Amico, who joined GVT shortly after its founding in 1994, resigned as

president and CEO in July 2009. The trust company’s assets were as high as \$605 million at year-end 2007, falling to \$444,000 on Dec. 31, 2008, data compiled for the Rochester Business Journal’s lists show.

GVT ranked 13th on the 2010 list of money managers, with \$530 million under management as of Dec. 31, 2009. It did not provide information for the 2011 list.

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