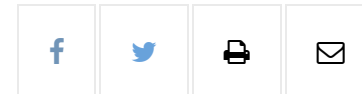


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L.F. Rothschild Holdings Inc., an investment banking house struggling...

By CRAIG WEBB, UPI Business Writer



NEW YORK -- L.F. Rothschild Holdings Inc., an investment banking house struggling to stay independent, announced Monday it will slash its staff by 40 percent and concentrate only on services in which it can turn a profit.

'We have accepted the fact that we cannot be all things to all people,' Robert Schoenthal, the company's co-chief executive officer, told reporters.

Andrew L. Berger, president of L.F. Rothschild & Co., the firm's broker-dealer unit, said the firm will cut its staff to about 1,200 within six months, down from 2,000 at the start of 1987.

About 175 of those people had been laid off before Monday's reorganization, and another 100 to 125 received their pink slips that day.

Berger also said Rothschild is negotiating an agreement with Broadcort Capital Corp., a subsidiary of Merrill Lynch & Co., to conduct clearing activities for Rothschild's retail accounts. Clearing activities cover the bookkeeping and related work involved when stocks or other securities are traded.

'We will no longer be in the clearing business,' Berger said.

Rothschild has been rocked in recent months by a combination of management disputes and the Oct. 19 stock market collapse, which cost it more than \$35 million in equity capital.

The twin problems led to suggestions it was ripe for takeover. Berger confirmed that a number of firms, including Shearson Lehman Brothers, had approached Rothschild seeking business relationships, but 'we decided not to continue those conversations.'

'In this era of large firm consolidations, we are confident that together we will succeed as an independent firm,' Berger said. 'We know the months ahead will be difficult -- they're going to be tough for everybody in the financial community.'

Aside from getting out of the equity clearing business, Rothschild will abandon other lines that have proved unprofitable or unlikely to make money.

'Those areas of business on which we will continue to focus include fixed-income trading and sales, arbitrage, a retail brokerage business for high-net-worth individuals, over-the-counter market-making, and investment banking,' he said.

In essence, the only lines Rothschild will offer in the future are the ones in which it made money in the past, Schoenthal said.

Chief financial officer Joel Miller said the company will save money from farming out its clearing activities because it no longer will have to keep a large clearing staff ready to cover for the company on days of high volume.

In addition, by eliminating clearance work Rothschild no longer will have to meet New York Stock Exchange regulations requiring it keep a certain amount of reserves and separate accounts reflecting similar reserves. This should free up about \$55 million for the company, he said.

Miller said that as of Dec. 3, the company had about \$228 million in capital. Net capital totaled about \$110 million, he added.

Berger and co-chief executive officer Francois Mayer both said the company's management had discussed the possibility of seeking some outside capital to bolster Rothschild's finances, but decided for the moment against pursuing such help.

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