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OUTSTANDING WOMEN IN BUSINESS



KATHLEEN LAVINE | BUSINESS JOURNAL

Sue Allon, CEO of Allonhill, has a caricature of herself done at Elitch Gardens. Mon says her 12-year-old daughter helps keep the fun in her life when she's out of the office.

Allon builds new company in face of mortgage crisis

BY DENNIS HUSPENI
SPECIAL TO THE BUSINESS JOURNAL

Using a mix of integrity, expertise in the mortgage industry and a healthy dose of gumption, Sue Allon has built her second successful financial services company.

But Allon, CEO of Allonhill, isn't satisfied just by the fact that her company has built a healthy profit margin. She wants Allonhill to reinvent the mortgage industry and bring it "back to life in a responsible way."

Allonhill's informal mantra is "looking at loans and getting it right," she said. The company performs mortgage due diligence — basically detective work on residential loans — and credit-risk management for mortgage securities.

"I took a stand," Allon said. "I said, 'Here's something of real value to the whole industry.' So I took a stand and did not waver from it."

That something is Allonhill's work "providing much-needed clarity and transparency about the true value and risks of these investments," her nominator wrote.

"I'm very ethics-driven, and this company is ethics-driven," Allon said.

That she was able to launch the company in late 2008 — right when the subprime mortgage crisis hit full force — speaks to her ability to complete a mission. Allonhill reviews residential mortgage-backed securities (RMBS) and is trying to revive the market. RMBS are loans bundled into groups and sold to investors. But the subprime mortgage crisis tanked the "private-label" mortgage securitization market — those loans not backed by a government agency, but instead carry a credit-rating agency assessment of risk.

"The crisis would not have been as bad if the industry had integrity. ... A lack of integrity made something that was broken

Banking & Finance Winner

Sue Allon
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Allonhill "qualified the first private-label, publicly rated securitization since October of 2008" when the market crashed, Allon said.

"It was like the Super Bowl for us," she said. "I knew it would be if we got it right."

Prior to Allonhill, Allon formed The Murrayhill Co., a credit-risk management firm, in the 1990s. In 2004, before the company was sold, it managed a \$137 billion bond portfolio.

"I have tremendous pride in what we did for the industry," Allon said. "We introduced a whole new concept" in credit-risk management.

At the time, Allon said she called for her industry to implement complete independence and act almost as an auditor, she said.

Obviously, that didn't happen and a mortgage crisis ensued.

Though Allon retired after Murrayhill Co. was sold, she just couldn't stand on the sidelines when the mortgage industry collapse hit in 2008.

"I was just enraged," she said. "I felt this industry had let the country down."

So in an effort to set things right, she formed Allonhill that year. The company spent "millions," Allon said, and purchased from a bankrupt due-diligence

a lot worse," Allon said of the subprime mortgage crash. "They took shortcuts because no one was willing to pay anyone not to take shortcuts."

In April, Allonhill "qualified the first private-label, publicly rated securitization since October of 2008" when the market crashed, Allon said.

company a software platform to manage loans, leased office space and hired a handful of employees.

Allonhill quickly had to increase its staff to 15 to manage the software, with its massive database used to analyze some 10,000 to 20,000 loans per week.

The risk was huge: "We had to hire them before there was a single securitization in the market," she said.

Allonhill now has 60 full-time employees and about 150 analysts hired on a contract basis.

Work that's equally important to Allon is mentoring young women. She serves on the advisory board of the Tuck School of Business at Dartmouth College and on the board of trustees at Colorado College in Colorado Springs. She uses those positions to "address women's issues in business," she said.

At both schools, she teaches an entrepreneurship class based on her experience with The Murrayhill Co.

"I'm trying to encourage more female participation" in the financial sector, Allon said.

While women might traditionally see themselves in the teacher/counselor/coach role, Allon urges them to take leadership positions. "Try harder to be in front of the client," she advises. "Get your name on the report. Lead the team."

Allon's co-workers describe her management style as having an "inherent friendliness, honesty and openness," her nominator wrote. Allon said humor is a key element of her "fairly informal style."

"For better or worse, people here have to deal with constant pressure," she said. "If it's not fun, then why come in? So I try to impart that when I can."

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