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CALLING ALL TIGERS

TIGER 21: a peer-to-peer wealth network.

by **James Dolan** / illustration by **David Foldvari**

You'd expect there to be a guard, a big one, wearing sunglasses and a designer suit. A high-tech security system with a retinal scan. A shadow-filled lobby with a series of electronic doors and multiple cameras that make it clear you are to keep well away from the people inside.

Instead, the wrought iron gate to TIGER 21's office - an Upper East Side townhouse—is open. On this magnificent September day, the building's foyer is flooded with sunshine. Rather than a burly security chief, a friendly receptionist welcomes you. There isn't even a secret handshake.

Not what you'd ordinarily expect at a meeting place of some of New York's wealthiest individuals. Then again, ordinary isn't a word that's used much with TIGER 21. (The fierce feline name is a shortened form of "The Investment Group for Enhanced Results in the 21st Century"). Founded in 1999 as a discussion group of five former entrepreneurs, the organization has grown to become North America's premier peer-to-peer network for the über-rich.

There are other investment clubs, other networks, other support groups. But there is nothing quite like TIGER 21, for TIGER 21 is more than a bunch of robber barons sitting around talking stock while sipping dry martinis. Rather, it is a peer-driven forum where people of great wealth discuss any number of financial topics—from investing to estate planning to dealing with one's spendthrift kids—in a setting that is open and confidential, both supportive and challenging at the same time.

A NOVEL IDEA The idea for TIGER 21 sprang from Michael Sonnenfeldt's head over a decade ago. At the time, Sonnenfeldt had just sold his real estate holding company—his second entrepreneurial home run, having successfully sold his share of a sizable real estate development in his early 30s.

"I realized I had been really lucky to do it twice," he muses. "Whereas the first time I was willing to take lots of risks, the second time I said, 'I have to learn how not to do that. I can't afford to make foolish investments and lose money.'"

So instead of trying to play stock broker, Sonnenfeldt invited a handful of like-minded colleagues to join him for a monthly discussion of how to hang on to the wealth they had built. "That's really the root of what we were trying to figure out," he says. "What were the best practices we could bring from other activities to help [us] learn from one another about how best to preserve wealth."

From the start, Sonnenfeldt intended TIGER 21 to be an exclusive network. Working groups are limited to a maximum of 14 members. The commitment is substantial, with individuals parting with one uninterrupted day a month and \$30,000 (U.S.) annually. Individuals must also provide proof of more than \$10 -million in liquid assets, but this is a minimum; in practice, the average net worth of a TIGER 21 member is closer to \$75—million. Together, the organization's 140 members have more than \$10-billion at their command.

Despite these impressive credentials, Sonnenfeldt points out that net worth is not really a criterion for membership. “We’re not interested in numbers” he says. “We’re interested in members who can add something to a group.”

As Sonnenfeldt explains, that “something” is the ability to contribute to the betterment of one’s peers. Within TIGER 21’s offices, members must be open, honest, and helpful—secrecy and reticence have no place. Outside, they must safeguard other members’ privacy as if it were their own. “The one thing that is absolute within this organization is integrity and confidentiality,” Sonnenfeldt says.

To that end, the organization has established a number of security “gates” for prospective members, including lengthy interviews with TIGER 21 executives and members, calls to references, and background checks. Confidentiality is enforced with an ironclad privacy agreement. So far, the system has worked well. “In 10 years, we’ve never had any situation that has in any material way threatened our members,” Sonnenfeldt says.

EYE OF THE TIGER To the uninitiated, this emphasis on both openness and confidentiality seems something of a paradox. Sit in on a members’ meeting, however, and you understand: at TIGER 21, probity and rectitude are the necessities of business. Simply put, the organization would have no purpose if members felt anything less than completely free to speak their minds.

Each day at TIGER 21 follows the same general format: First, a “state of the world” discussion led by a professional facilitator, in which members air out issues, events, or investment opportunities that have captured their attention. This is followed by a formal presentation by an invited speaker. Past speakers have included Carl Icahn, Harry Markowitz, Steve Forbes, and other financial celebrities.

It is here where members demonstrate the ferocity implied in their organization’s name. A TIGER 21 presentation is less a polite discussion than an intellectual street brawl: a candid, back-and-forth exchange, with members interrupting frequently to challenge assumptions, question data, and demand clear answers to pointed questions.

After the presentation comes the portfolio defence, where a member bares his investment portfolio to the full view of other members. For the member presenting, the objective is to provide rationale for each investment decision; for those listening, to ask questions and highlight areas of concern.

It all sounds so civilized. But as Sonnenfeldt admits, the defence rarely follows Robert’s Rules of Order. “We have a term here called ‘carefrontational,’” he says. “Most [TIGER members] have entered a bubble in their life, where people around them are very sycophantic. This is the one place where 11 people are saying, ‘That’s not very smart!’ They’re not saying it because they want you to feel stupid—they’re saying it because they want to open you to a blind spot nobody else is willing to share with you.”

TALKING TO TIGERS Civilized or not, it’s clear TIGER 21’s members believe Sonnenfeldt is on to something. “It’s like going to the doctor and getting undressed,” says Ron Bruder. Like Sonnenfeldt, Bruder made his fortune in real estate; he now spends the bulk of his time on his philanthropic work. “You’re showing everything, and you’re showing everything accurately, because you want accurate advice. You come away from that with a better understanding as to what [you’re] doing right, what [you’re] doing wrong, and what [your] options are.”

Robert Frey agrees. “I view that candour as a sign of respect and trust,” he says. One of the algorithmic traders behind the success of hedge-fund giant Renaissance Technologies, Frey believes the ability to have an open, clear-headed dialogue where nothing is off limits is the key to TIGER 21’s appeal. “You come here, whatever you think, however smart you think you are, how much of a big

shot—you very quickly learn that there’s real value in those other people being around the table.”

But \$30,000 a year’s worth of value? Sure, such fees are chump change to the average member—about 0.04 per cent of a net worth of \$75-million. Still, are the rich really willing to shell out that kind of money for a monthly chat?

“It’s hard to put a price on meeting people who can change your life,” says Ziel Feldman, another of TIGER 21’s successful real estate entrepreneurs. “What I’ve garnered are experience and knowledge that have helped me in what I do. Knowing globally, nationally, how people are thinking - that has been invaluable to me.”

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Tommy Gallagher, the former vice-chairman of CIBC World Markets, is more outspoken. When asked about the value of TIGER 21 membership, Gallagher doesn’t pull any punches. “I don’t buy the premise of the question,” he replies. “I don’t think people [join] TIGER 21 because they think they’re going to make \$60,000 by putting \$30,000 in.” Instead, the true value of TIGER 21 lies in the network of successful, well-connected people—and all the insight and resources that network represents.

ROARING INTO CANADA Beginning March 2011, Canadians will have an opportunity to put that network to work for themselves. That’s the date of TIGER 21’s international debut, with one group each in Vancouver, Calgary, Toronto, and Montreal.

Leading TIGER 21’s charge into the Great White North will be Thane Stenner, as managing director. A veteran wealth manager with Stenner Investment Partners within Richardson GMP and a successful entrepreneur in his own right, Stenner has been working both for and with some of Canada’s wealthiest people for over 25 years now. Alongside Stenner, will be Richard Deacon, as director of strategic partnerships.

Like Sonnenfeldt, Stenner intends to keep the Canadian version of TIGER 21 exclusive. Over the next few years, it will be his job to invite perhaps 120 of the estimated 30,000 Canadians with more than \$10-million in their bank accounts to join TIGER 21. “We’re looking for titans,” Stenner says. “People who bring extraordinary life and business experience to the table, along with the ability to share that experience with others.”

The Canadian version of TIGER 21 will adapt the same general structure as its American counterpart. However, Stenner intends to tweak the format (meeting 10 times per year instead of 11), and add a fair bit of Canadian content to reflect the different economies, tax laws, and investment climates on either side of the border. “It’s not going to be a U.S.-centric program,” he says. “We’re not looking to simply transplant American speakers. [Our program] needs to be as applicable as possible to the Canadian high-net-worth experience.”

A key to that experience will be diversity. “One of the things we’re cognizant of is the difference in the cultural and business backgrounds of wealthy Canadians,” Stenner says. To that end, he’ll be looking to ensure varied points of view in each member group. “In Calgary, we’re not looking for 14 oil and gas guys; in Vancouver, it won’t be all real estate guys; Montreal will be a mix of English and French speakers; and so on.”

As much as he is looking to the business of TIGER 21, Stenner admits there is a personal motive to joining the group. “It’s energizing to be around other successful people,” he says. “It will keep me sharp. I will be challenged by the discussion and debate.” A broad grin spreads across his face. “It will be fun.” Another example of the openness that seems to define TIGER 21. ●