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Newly super rich? You could join Tiger 21

Cheryl Hall

Michael Sonnenfeldt is looking for self-made Dallas multimillionaires who need directions on life's next stretch of freeway. The 51-year-old former real estate tycoon founded Tiger 21, a New York investor group, eight years ago to help the new ultra-wealthy manage their personal fortunes. Now he's bringing his peer-to-peer learning network to Big D. He's looking for successful entrepreneurs who've cashed out and need to be clued in.

"Most of our members are former entrepreneurs who've had a liquidity event – generally selling a company," says Mr. Sonnenfeldt. *Liquidity event?* Gotta love that euphemism. "For the first time in their lives, their primary financial responsibility is managing wealth rather than building value," he says.

Or as Bill Case, who's leading Tiger 21's entry into Texas, puts it: "We joke that it's like the dog that catches the UPS truck and says, 'What do I do with it now?'"

Mr. Sonnenfeldt knows the situation well. He made his millions buying and selling distressed real estate in the early 1990s and then by selling his billion-dollar private firm in 1998. "From afar, the differences of being an entrepreneur and an investor don't seem very large," says Mr. Sonnenfeldt. "But in fact, the skills and disciplines are almost diametrically opposed. Entrepreneurs milk a single opportunity for all its worth. Investors need to diversify in a disciplined way so that no one problem sets them back to the beginning."

Tiger 21 members must have a bare minimum of \$10 million in investable net worth – excluding personal homes and toys such as yachts, jets, cars and tiaras. It also excludes those who've obtained fortunes via divorce, inheritance or the lottery.

Mr. Sonnenfeldt bristles at the suggestion that Tiger 21 is an investment club for the super rich.

Oh, he has no qualms with the super rich part. The group's 132 members are each worth between \$50 million and \$100 million and manage a collective \$7 billion in personal assets.

It's the *club* aspect that bugs him. The group is a meeting of the minds, not an investment club, he says. "Some come to learn the wealth management techniques. Others come because it's a confidential community where they can explore issues of wealth in a way that they can't anywhere else. At Tiger, we say we want to keep our advisers on tap, not on top."

Why here?

The organization's name is an acronym for "The Investment Group for Enhanced Results in the 21st Century."

Yikes.

About a third of its current members are active partners in Wall Street investment or real estate firms, and about two-thirds are former entrepreneurs or past CEOs of corporations. It costs \$25,000 a year to belong. Last year, Mr. Sonnenfeldt decided to go national, starting with three chapters in California (San Francisco, Los Angeles and San Diego) and two in Florida (Palm Beach and Miami.)

Dallas will be the beachhead for Texas, he says.

Why D-FW?

According to Merrill Lynch's *2006 World Wealth Report*, we're expected to create more new millionaires in the next four years than any other metro area with the exception of Atlanta. Mr. Case, a Dallas management consultant who helps entrepreneurs sell, merge or divest their companies, has been drawing on his network of CPAs and lawyers with wealthy clients to find potential members.

"Over the last 12 years, I have been involved in close to 300 transactions," says Mr. Case, founder and managing partner of MergerCoach. "In essence, I've created Tiger members."

He expects to launch three area chapters of 10 to 12 members over the next year.

Open kimono

Mark Kress, chief executive of Spencer Forrest Inc., joined a New York chapter in 2003. His company makes Toppik – tiny, color-matched hair fibers that bond instantly to your remaining strands through static electricity.

Don't knock it, the 62-year-old says. "It made me rich enough to be in Tiger." But he was unprepared for investing.

"I was using financial advisers who weren't the best and doing things on my own based on sketchy Internet research. I had significant funds on autopilot."

At each monthly meeting, a member presents his or her entire financial picture in what is called a "portfolio defense." In his first presentation, Mr. Kress had to defend his hodgepodge of five single-spaced pages of investments.

It was brutal.

"It's opening up your kimono to everyone's probing questions, attacks and insults," says Mr. Kress, who has since done two presentations and says he comes away each time with better-honed strategies.

"In an environment of total confidentiality," Mr. Kress says, "you can express things that you could never tell anybody else. With people I know, I could ask them about their sex lives sooner than I could ask how much money they make or what their net worth is."

That's the point, Mr. Sonnenfeldt says.

"It allows people to explore the wisdom of their decisions in a forum that is confidential and carefrontational."

Carefrontational? You've gotta love that one, too.