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Multi-Millionaires Question Advisors' Value

By Kathleen Laverty
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Members of a club of multi-millionaires think that only 25% of financial advisors are genuinely talented and deliver value to investors, while the remaining 75% are out to line their own pockets. That's the verdict of the president of **Tiger 21**, an exclusive club of the ultra-wealthy who, along with having at least $10 million in investable assets, generally eschew the services of advisors. So reports *Reuters.*

Tiger 21 president **Jonathan Kempner** says members pay $30,000 to join the elite group. It is there, he says, that they help each other identify the one-quarter of advisors worthy of their management fees. The group works under the premise that wealthy businesspeople have insights to share about markets, investments and issues that are unique to the rich. Everything from family issues and raising children to dealing responsibly with wealth and donating to charities is discussed.

Tiger 21 – it stands for **The Investment Group for Enhanced Results in the 21st Century** – looks to the highest echelons for experts to address its meetings. **Carl Ichan**, Blackstone CEO **Stephen Schwarzman**, oil tycoon **T. Boone Pickens** and money management guru **Jeremy Grantham** have all addressed past Tiger 21 meetings.

The group was founded more than 10 years ago by real estate entrepreneur **Michael Sonnenfeldt**. It started in New York, but now has numerous chapters in Miami, Dallas, San Diego, San Francisco and Los Angeles. Tiger 21 plans to start a group in Washington, D.C. this month. Groups typically number 12 to 14 members.

A group member presents a "portfolio defense" each month that opens his or her entire portfolio up to examination by the rest of the group. Los Angeles-based member **Mark Kress** tells *Reuters* his first portfolio defense was "brutal."
At the time, Kress had advisors at **Merrill Lynch** and **Bear Stearns.** He says both advisors were plugging their own products and "weren't totally serving my needs." He says there was "a lot more emphasis on buying than selling." Now, Kress uses a family office advisor recommended by other group members.

Tommy Gallagher, a former vice chairman at **Oppenheimer & Co**, has even less faith in advisors. "You have to remember [advisors] are being compensated by putting you into certain asset classes and, for the most part, they don't have a full understanding of your portfolio," Gallagher tells *Reuters*.

But if an advisor can win over Tiger 21 members, the rewards can be huge. Sonnenfeldt says there are "a handful of advisors" who now have numerous Tiger members as clients.