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Tiger 21 and IPI cultivate wealthy - for profit *Rival networking groups offer cachet and community*

By Charles Paikert

How's this for a business model: invite really, really rich people to join an exclusive club, charge them not inconsiderable fees, and encourage them to share concerns and investment ideas.

That is the groups Tiger 21 LLC and the Institute for Private Investors, and the for-profit enterprises are doing very well, thank you.

Tiger 21 members, for instance, pay an annual fee of \$30,000 and must have at least \$10 million in investible assets, though most have the wealth to invest \$30 million to \$50 million, according to Lewis Haskell, San Diego-based managing director of the firm.

IPI members must have at least \$30 million in investible assets. Charlotte Beyer, the New York-based organization's chief executive, wouldn't disclose dues and fees paid by individual investors and financial services firms.

Tiger 21 is a place for wealthy individuals to discuss financial and personal issues confidentially in intimate groups of no more than 12 people. The association has 170 members.



Charlotte Beyer: The IPI is beefing up its online-community service.

“We’re trying to create a mechanism to tap into a collective intelligence, expertise and experience that our members already have,” said Tiger 21 chairman Michael Sonnenfeldt, a successful real estate developer who founded the New York-based organization in 1999.

EDUCATING THE WEALTHY

Founded in 1991 by Ms. Beyer, a veteran of the financial services industry, the IPI has 1,100 members and stresses educating wealthy investors and helping them share information about investment opportunities and investment firms.

“We want to change the way investors work with advisers and advisers work with investors for the benefit of both,” she said.

The two peer-to-peer networking groups are successfully tapping into an ultrahigh-net-worth variation of keeping up with the Joneses, said Rob Francais, chief executive of Aspiriant, a leading West Coast wealth management firm based in San Francisco.

“Almost all the affluent have an appetite for understanding what other affluent types are doing,” he said from his Los Angeles office.

“There’s a fear of missing out on something,” said Mr. Francais said. “They think, ‘I’m not doing something at my level of wealth that I should be doing.’”

Confidential networking and exchange of information are central to the appeal of both groups, industry observers agree.

Tiger 21 members also band together to buy investments at a discount based on their collective purchasing power. While members interested in putting together a group to take advantage of their “aggregate buying power” do so informally, according to Mr. Sonnenfeldt, Tiger 21 does provide “support and staffing” if they want to “investigate a particular investment opportunity.”

However, the organization doesn’t “get involved in any investment management activities,” he said.

One Tiger 21 member, Robert Mayer, chairman of an eponymous corporation in Newport Beach, Calif., said that while he hasn’t yet participated in an investment with other members, Tiger 21 members are offered discounts on investments.

“The minimum amount on an investment may be \$1 million, but a Tiger 21 member can get in for less,” he said. “It’s a definite advantage.”

The IPI’s educational focus led to more than 270 educational sessions for members last year, Ms. Beyer said, in addition to multiday seminars held in conjunction with The Wharton School of the University of Pennsylvania in Philadelphia and Stanford University in Palo Alto, Calif. The organization is also concentrating on making its popular online-community service “more robust and safer,” she said.

Financial services professionals pay the same fees to Tiger 21 as investors but aren’t allowed to solicit business during meetings, according to Mr. Sonnenfeldt.

Forty percent of the IPI’s revenue comes from “professional” memberships, Ms. Beyer said. While those members might be invited to speak as experts on a financial topic at an event, they also are prohibited from soliciting business at the functions.

Tiger 21 plans to expand domestically, and the IPI plans to expand internationally. Tiger 21 plans to found groups in San Diego and San Francisco by the end of the year, and is also exploring establishing groups in Atlanta, Boca Raton, Fla., Chicago, Denver, Houston, Palm Springs, Calif., Phoenix and Seattle next year.

The IPI has its sights set on Asia and the Middle East, following a program for members in Dubai and one set for Abu Dhabi in early November.

While the two organizations have some overlapping membership, they want to stake out their own turf.

IPI members, Ms. Beyer said, mix with a wide range of experts and peers, and “are not stuck with one group of people.”

Defending Tiger 21's small-group structure, Mr. Sonnenfeldt said: "We don't consider it being stuck; we consider it the foundation that is the basic building block for the unique experience we create."

For now, it appears that there is room for both peer-to-peer groups, as they continue to receive high marks from members and wealth managers.



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Mr. Mayer said that he appreciates being able to interact with other businessmen in areas "of which I have very little knowledge," and learning "how they handle different problems."

Investment banker Elizabeth Nesvold, managing partner for Silver Lane Advisors LLC of New York, whose firm is a professional member of the IPI, praised the organization for the depth and "integrity" of its educational offerings.

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INFORMAL 'WATCHDOG'

What's more, the frank appraisal of financial firms by such wealthy investors serves an informal "watchdog" role for wealth managers, she said.

Wealth managers themselves cite the influence of Tiger 21 and the IPI.

"They allow us to identify a very cohesive group [of wealthy investors]," said Steve Appell, managing director of wealth management for The Private Bank in Chicago.

Members think that garnered advice is objective, not biased.

"[They] feel like they have a bull's-eye on their back," said Rick Keller, chief executive of The Keller Group Investment Management Inc. of Irvine, Calif. "They're after unbiased advice, and for a fee-only firm, that's only good."

Ultimately, wealthy members have to do their homework, said Stuart Lucas, a wealthy heir to a family fortune and chairman of Wealth Strategist Network LLC in Chicago.

"The quality of what wealth owners get out of these organizations is more a function of the effort they put into engaging with them than the fees they pay," Mr. Lucas wrote in an e-mail response from Madrid, Spain, where he is teaching a course on wealth issues. "People that use them will get a return many times their investment of time and money."

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