

As featured in

The New York Times

October 20, 2010

A Club to Discuss Discreetly the Issues of Wealth

By **FRAN HAWTHORNE**

IN 2003, Mark Kress was having money troubles.

Not a lack of money. Mr. Kress had amassed an eight-figure fortune from products and programs he marketed through the television shopping network QVC and from Spencer Forrest Inc., a maker of treatments for thinning hair that he founded in 1981.

His problem, he said, was that "I had issues surrounding wealth, many of which I couldn't discuss even with my best friends," adding: "If I turned to a friend and said, 'I have X dollars but I don't feel like I have enough,' my friend might consider it bragging." In particular, Mr. Kress wanted "to get a better understanding of the principles of investing and be exposed to investment opportunities."

Then he read a news article about something called Tiger 21.

Tiger 21 — the acronym stands for The Investment Group for Enhanced Returns in the 21st Century — is for the person who has everything except someone to discuss it with. At daylong meetings each month in six United States cities, about a dozen superwealthy people at each location ponder their money, how to manage it, how to give it away, how much to hand to their offspring and the personal problems their fortunes can create.

"We all learn from each other; that's the magic of this place," said Ronald Bruder, a member of one of the seven New York City groups and a serial entrepreneur who has started or revamped companies specializing in real estate, environmental engineering, oil drilling, medical devices and travel.

The organization was co-founded in 1999 by Michael Sonnenfeldt, a New York City entrepreneur who had sold his real estate business and wanted to invest the proceeds "in a responsible and effective way," as he put it. He modeled his creation after a peer-to-peer learning group of chief executives to which he had belonged. Five more chapters are expected to start by next year, with three others on the drawing boards.

Membership is highly selective. Originally, people needed at least \$10 million in investable assets. Mr. Sonnenfeldt said there was no longer an official minimum, but he pointed out that the 140 members collectively had \$10 billion and they had to be able to afford the \$30,000 annual fee.

Mere dollars are not enough, however. "They have to have been a wealth creator or a good steward," said Harley Frank, the director of membership, one of eight full-time employees. If they inherited a fortune or won the lottery, they must have built on that base.

That was apparently the case with Gregory T. Rogers, who began



John Marshall Mantel for The New York Times
RELATING Mark Kress, a member of the Tiger 21 club, at the Hotel Plaza Athénée in Manhattan. He has defended his portfolio to the club members.

his career in the 1980s at Rogerscasey, the investment consulting firm started by his father. The younger Mr. Rogers pointed out that he left Rogerscasey and founded or co-founded three asset management and consulting businesses before joining Tiger in 2005.

Nearly two-thirds of Tiger members are entrepreneurs. In rare cases, Mr. Sonnenfeldt said, "someone with deep experience in a field like politics or science or philanthropy" might get in with a slightly skimpiest cash cushion.

Prospects are screened by Mr. Frank and other staff members and by the leader of the local group they are most likely to join. Applicants then attend a meeting for a few hours, on a trial basis. Perhaps the toughest part, for these ambitious, successful strivers is that "they have to check their ego at the door," as members repeatedly say.

While would-be Tigers need not be referred by current members, it helps. Only about 40 percent of the applicants are ultimately accepted. According to Mr. Sonnenfeldt, almost 10 percent are women and 5 to 10 percent are part of racial minorities. Ages range from the mid-30s to mid-80s, with an average in the mid-to-late 50s.

True to the full name, the meetings focus on finance. People bring up investment ideas, and money managers pitch their products. The highlight is the "portfolio defense," a one-hour grilling during which a member analyzes his holdings almost to the penny.

For many people, that frankness is not easy. "It's like going in front of a doctor and baring all," Mr. Bruder said. During his first time up, he was challenged about his conservative approach, including a heavy allocation to fixed income.

"I didn't feel attacked," he said. "They're asking 'why,' but they're supportive." Anyway, he added, everyone will be in the hot seat at some point.

Although he did not drastically change his investment strategy, Mr. Bruder said he had picked up valuable advice from the discussions. Thanks to Tiger, he now has a "serious" portion of his assets (he will not say how much) in foreign currencies.

Similarly, Mr. Sonnenfeldt was inspired to start investing in gold, and Mr. Rogers increased his spending on marketing for one of his companies, Raylor Investments, which manages about \$25 million of his own and outside money.

On the other hand, knowledgeable investors can sometimes have bad ideas. Mr. Kress recalled that at his inaugural portfolio defense, in 2003, when a large portion of his net worth was in his own privately held business, "I got strong advice to sell all or part of the company. They said I could sell off and put the proceeds in the stock market." He declined to follow the suggestion, which turned out to be wise. Since then, he said, his own company has tripled in value, while the Standard & Poor's 500-stock index, after a slow climb and abrupt tumble, is only slightly above where it began.

"To them at the time, it wasn't bad advice," he said. "It was interesting to hear."

Finance encompasses only about two-thirds of the meetings. During the opening hour or two, when each member gets five minutes for a "world update," personal issues are as likely to be updated as portfolios — divorces, aging parents, health issues, home projects, vacations, philanthropy and most of all, the children.

The No. 1 subject: "What's an appropriate amount to give? How do you enable your children to maintain the values you consider important and also let them live the lifestyle you're accustomed to?" Mr. Bruder said.

In his case, he said, his Tiger group "helped me make decisions about what to fund and not fund" when his grown daughter wanted to start some business ventures.

Many participants are now putting into charitable ventures the energy, time and networking resources they once devoted to money-making. In 2004, Mr. Bruder started the Education for Employment Foundation, which works with local businesses and governments in the Middle East and North Africa to create training programs.

The outside speakers who come to every meeting have included hedge fund managers, the television celebrity Dr. Mehmet Oz and the actor Robert Duvall, who was pitching a movie venture to the Los Angeles group, according to Mr. Kress.

The meetings are led by a professional facilitator who usually calls on people to speak. Typically, they sit around a table in the conference room of a four- or five-star hotel, continuing through breakfast and lunch.

Tigers have been known to cry. Even to hug. But, Mr. Bruder emphasized, "It doesn't get all that emotional. The facilitator moves it along quickly."

The bonds can grow into friendships. Members have traveled together and even bought homes next door to each other.

Not everyone fits in. "We have counseled out two or three members for behavior inconsistent with the norms," like being disruptive or threatening to break the promise of confidentiality, Mr. Sonnenfeldt said.

The most serious — but rare — grumbling comes from those who "have very unrealistic expectations," Mr. Sonnenfeldt said. "They think they're going to earn twice as much money in the first six months."

Complaints aside, the organization is growing. By next year it expects to have branches in four Canadian cities and in Washington. Further off are plans for Chicago and a second group each in Los Angeles and Texas.

That might seem like a sign that the economy is improving, but Mr. Sonnenfeldt said it was just the opposite.

During the economic downturn, "high-net-worth individuals were exposed to risks that they found they didn't understand," he said. "They're feeling adrift, and they're looking for research."



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