



FAMILY OFFICE MONTHLY

July 2016



Upcoming Family Office Conferences in 2016

CapitalCon

August 18th

*The Edison Ballroom
New York, NY*

The Family Office Real Estate Summit

September 30th

*The Edison Ballroom
New York, NY*

The Family Office Super Summit

November 28-30th

*JW Marriott Marquis
Miami*

Reserve your seat today

<http://wilsonconferences.com/reserve/>

Welcome to the July edition of *Family Office Monthly*. We are getting ready for CapitalCon 2016, our capital raising and investor relations workshop in NYC on August 18th. If you are a Charter Member of the Family Office Club you can attend this event 100% free with your membership and we encourage you to visit FamilyOffices.com to see all of the other exciting events we have planned for 2016-2017.

Beyond the events, we hope you access our extensive family office resources such as *Family Office Monthly*, database solutions, family office training programs, webinars, and more. If you would like to learn more about how we can work with you and your family office, please contact our client services specialists at Clients@FamilyOffices.com and by phone (305) 503-9077.

Soros Family Office Alum Team Up with Tsai's Former COO

It didn't take long for the executives who until recently managed George Soros' wealth to team up with another billionaire, Alibaba's vice chairman Joseph Tsai ... **Page 2**

Chicago Family Offices Backs \$100m Cannibals Investment Fund

MedMen is a legal cannabis-focused business that launched a \$100 million private equity fund to deploy capital in the emerging industry. What's most interesting isn't what the fund is investing in, but rather who is reportedly backing the fund ... **Page 3**

Hidden Dangers of Running a Large Single Family Office

It is important to discuss the topic of the most painful and dangerous parts of running a single family office as it is often held up as a desirable or enviable type organization to work for or have in place for your family, but it is not all rainbows and liquidity ... **Page 4**

Chesapeake Partners Closing, Converting to Family Office

Traci Lerner, the founder of event-driven hedge fund Chesapeake Partners, has decided to board up the fund and convert to a family office ... **Page 6**

SOROS FAMILY OFFICE ALUM TEAM UP WITH TSAI'S FORMER COO

It didn't take long for the executives who until recently managed George Soros' wealth to team up with another billionaire, Alibaba's vice chairman Joseph Tsai. The execs have left the Soros family office to form a hedge fund. Old Farm Partners is the hedge fund that Tsai's former COO John Barry Purcell co-founded and now Kieran Cavanna and Nishi Shah are joining, fresh off their stints as partners in Soros Fund Management.

Purcell was the COO at Blue Pool Capital, which is controlled by Tsai and manages funds for other Alibaba founders. We reportedly previously on the departures by executives from Soros Fund Management and it appears they've found a home with another former partner of a billionaire.

Purcell departed Tsai's Blue Pool last summer, after the firm stopped taking external investments and began returning money to existing investors in a pivot to focusing exclusively on "a group of close-knit long-term investors," according to a person with knowledge of the plans. As part of the pivot, Blue Pool's longtime chief investment officer Alexander G.L. West was joined by Citadel's Oliver Weisberg as COO and co-managing partner.

"I could not have built as successful of a hedge fund that BPC managed without Barry," West said in an email, noting Purcell was especially skilled in managing investor relations.

Blue Pool and Old Farm have ongoing business ties, according to a person with knowledge of the arrangement. West declined to comment on whether Blue Pool had invested in the fund; a Soros spokesman said the firm has no affiliation with Old Farm.

"Alibaba, Jack Ma and Blue Pool have not invested in Old Farm Partners," and Old Farm has not invested in Blue Pool's funds, an Alibaba spokesman said in a written statement.

Source: <https://www.thestreet.com/story/13634681/1/alibaba-soros-family-office-alums-team-up-on-new-hedge-fund.html>

LATEST PODCAST EPISODE: LISTEN TO FAMILY OFFICE INVESTING CONCERNS

Every day, I hear from investment professionals who are looking to better engage with family offices. At our last Capital Raising Workshop, I explained the concerns that drive family office investment decisions. Listen to this episode of the Family Office Podcast: <http://FamilyOffices.com/Family-Office-Concerns>

Richard Wilson

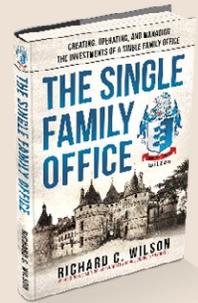
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Be sure to subscribe to the Family Office Podcast for more lessons on working with family offices: <http://FamilyOfficePodcast.com>

The Single Family Office

You can order your copy of this Single Family Office book on Amazon here: <http://www.amazon.com/The-Single-Family-Office-Investments/dp/1503345033/>



If you want to listen to one of the interviews included in this book, visit SingleFamilyOffices.com/audio2 to download a free mp3 recording.

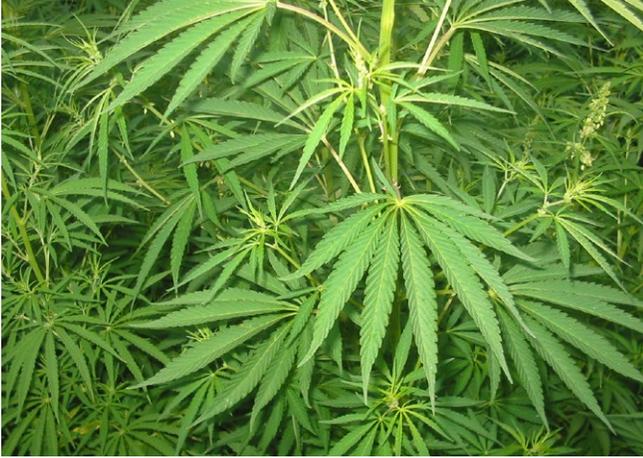
Looking to meet other single family offices in person? The Family Offices Group hosts many live conferences throughout the year in great locations like Manhattan, Singapore, and Miami. At least once a year, we host an exclusive gathering for single family offices and affluent families to meet, share experiences, and build relationships.



If you would like to be considered for membership (free to single family offices) please contact us:

E-Mail: Member@SingleFamilyOffices.com
Telephone: (305) 333-1155.

CHICAGO FAMILY OFFICES BACKS \$100M CANNABIS INVESTMENT FUND



MedMen is a legal cannabis-focused business that launched a \$100 million private equity fund to deploy capital in the emerging industry. What's most interesting isn't what the fund is investing in, but rather who is reportedly backing the fund.

The MedMen Opportunity Fund is backed by a Chicago family office, Wicklow Capital. Wicklow is the family office for Dan Tierney, who founded high-speed trading company GETCO. It's an adventurous deal for a family office but Wicklow has proven willing to invest in interesting ventures like this.

To finance the fund, MedMen has partnered with Wicklow Capital, the Chicago-based family office of Dan Tierney, the co-founder and former board member of GETCO, once "one of the biggest names in Chicago high-speed trading." In 2013, GETCO acquired Knight Capital Group for \$1.4b, changed its name to KCG Holdings, and re-located its headquarters to Jersey City, New Jersey. Wicklow is an active private company investor across many industries and stages, with current and former investments in Sofi, Motif Investing, Twitter and Quanergy Systems.

Wicklow also isn't new to the Cannabis category. The investment firm is the primary investor in Pharmacann, which holds medical marijuana licenses in both Illinois and New York.

In addition, this isn't Wicklow's first foray into a controversial, risky category. In 2014, the firm participated in Blockchain's \$30M Series A, which at the time was the "largest single round of venture investing in the bitcoin sector." (Blockchain is a popular bitcoin platform that aims to make using the digital currency safe, easy, and secure).

Wicklow also invested in SportsLock, the Chicago-based daily fantasy sports startup which had to shut down its app earlier this summer.

Source: <http://chicago.inno.streetwise.co/2016/07/01/wicklow-capital-is-behind-a-100m-fund-for-cannabis-industry/>

JULY WEBINAR: PRIVATE DEBT FINANCING

This month's webinar topic is Private Debt Financing. In this webinar we covered how family offices utilize private debt (both as lender and borrower), how businesses have been able to secure private debt financing and protect their equity, what lenders typically look for when making private loans, and the different forms of collateral such as art and limited partnership stakes that are becoming more acceptable as alternative lending ramps up.

You can attend all of our webinars for free as a Charter Member or register to attend here: <http://FamilyOffices.com/Webinars> Members can also access dozens of hours of content through our webinar recording library.

Our August webinar will be on *Real Estate Capital Raising* – whether you are a family office looking for a co-investor, a developer looking to fund your next project, or a real estate fund looking to build out your capital base, this is a great webinar resource for you. This is an ideal topic leading up to our **CapitalCon workshop on August 18th** in NYC and our **Family Office Real Estate Summit in September**.

We're covering all the important family office issues in Charter Member webinars, our quarterly conferences, and through educational resources like *Family Office Monthly* so be sure to receive the latest by joining the Family Office Club: <http://FamilyOffices.com/Association>

HIDDEN DANGERS OF RUNNING A LARGE SINGLE FAMILY OFFICE

It is important to discuss the topic of the most painful and dangerous parts of running a single family office as it is often held up as an admirable or enviable type of organization to work for or have in place for your family, but it is not all rainbows and liquidity events.

Sometimes I get the feeling from outsiders that they think managing a single family office is like a relaxing cruise across a flat lake with no volatility or risks or that critical situations never happen, when in reality there is a lot of risk and the stigma around these topics cause them to be talked very little. Three hidden dangers I've identified in my years of working in the family office space include:

Blackmail

Could also be referred to as a mole and typically it's a competitor. They're working for a family office but also relaying information to the other family in the same industry. Whether the family office is in the coal, technology, or defense industries—these situations can happen to anyone. I know a large family office in New York who had an employee working there for the sole purpose of giving highly confidential details to another family office. More often, the case of blackmail from a current employee is seen.

The employee could say they're going to go public with the family office negotiations or to disclose confidential litigations that may be occurring within the family office. Maybe the family didn't do anything wrong at all, but the employee may feel they have some leverage. One of my clients, who are worth several hundred million dollars, told me they've been blackmailed ten to twelve times since they first became ultra-wealthy. We've only had one or two of these types of situations arise in my company, but they were very minor. We had the appropriate solutions for these employees, but this is not always the case for some families.

Embezzlement

We've had this happen one time in one of our operating businesses, but the employee who stole was reported by another employee. Once we verified the allegation was true, that person was removed from the firm immediately. Stealing of company assets or money can be a frequent occurrence in the family office space due to lack of controls. Many times single family offices are not managed or formal enough to the degree they should be. They are often not regarded as what they are, which is almost a small business in itself with the needs of payroll, governance, rules, and financial controls. In our case we had strong financial controls in place but the one area where I wasn't stringent enough in order to save time; our business had to pay the cost of losing time and money in the long run. Trust but

verify is a theme that families have to operate in our current day environment. Single family offices don't like to talk about having to deal with employees who have stolen money from them because it could make them look like they lack judgment to counterparties, investors, or partners.

Cyber Security and Fraud

If a single family office is hacked, they certainly don't want anyone around them knowing publicly. At the extreme, a single family office could be fined for releasing private data. Also, it could hurt relations with co-investors or other families that might partner with the family office because they feel their operations are not secure. Many large families do spend several hundred dollars on IT and part of that spend has a security component to it. I really don't see this being a topic of conversation in the priorities of families or emphasized enough, especially with families under a billion dollars in net worth. None of my clients in the 100-300 million dollar range focus on this as a key objective or key concern and I encourage them to do so more often. In the future this will continue to be a growing concern as it hits the front pages of newspapers. More and more of blue-chip, publicly traded companies with 5 million dollar IT budgets are still being penetrated by hackers. I definitely encourage families and those that serve our industry to put in stronger cyber security controls in place.

Not placing appropriate controls from the start can be destructive to both personal family relationships and the investment portfolio of the family. At the very least every single family office should identify what controls they have in place and be aware of steps that can be taken to improve them.

Richard C. Wilson helps \$100M+ families start and manage their single family offices. He is CEO of the Family Office Club and bestselling author of the book called "The Single Family Office."

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AUTHOR VIDEO INTERVIEW: WHY I WROTE HOW TO START A FAMILY OFFICE

I wanted to share with you my latest book, **How to Start a Family Office: Blueprints for Setting Up Your Single Family Office.**

Here's a quick video on why I wrote the book and what you'll take away from reading it:
<http://SingleFamilyOffices.com/Start-A-Family-Office-Book>



This book is perfect for someone looking to set up their own single family office or anyone interested in learning more about how ultra-affluent families have structured their family offices to protect and manage their wealth. You can order your copy today: <https://www.Amazon.com/How-Start-Family-Office-Blueprints/dp/1530559529>

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CHESAPEAKE PARTNERS CLOSING, CONVERTING TO FAMILY OFFICE

Traci Lerner, the founder of event-driven hedge fund Chesapeake Partners, has decided to board up the fund and convert to a family office. According to media reports, the decision was accelerated by negative returns for the last 18 months.

At one point the fund manages \$1.4 billion for investors but a double digit decline in 2015 and “the unintended consequences of the 2008/2009 financial crisis and all that has ensued from it” made for a tough investing environment for Chesapeake.

Now, the hedge fund has joined the ranks of many others who have sought solace and comfort in the family office model.

Chesapeake, which managed approximately \$1.4 billion in largely special situation and event-driven investments, is taking the dramatic step after losing money for much of the past 18 months, according to Reuters citing a June 27 letter to investors. The fund lost 13% in 2015 and is down 8.2% through May of this year.

The Baltimore-based fund cited government regulation following the financial crisis for part of its decision, noting that “the unintended consequences of the 2008/2009 financial crisis and all that has ensued from it have made the environment so hostile to investing that it’s become difficult as a fiduciary to manage other people’s money.”

Lerner also blamed regulators for torpedoing the proposed merger between pharmaceutical giants Pfizer and Allergan last year. Chesapeake reportedly lost money on the busted merger as well as on other pending corporate events that were delayed or ultimately nixed.

“We find ourselves in an investing environment that has become progressively more hostile and indiscernible,” Chesapeake’s letter continued, adding that looming political gridlock and higher capital ratios at banks will make the investment business even more difficult and expensive.

Source: <http://www.finalalternatives.com/node/33358>



Hiring: Bloomberg's Family Office



Point72 Asset Management isn't the only family office staffing up on trader talent; Michael R. Bloomberg's family office, Willet Advisors, continues to hire away investment bankers.

The latest steal is Jonathan Hughes, who had been working in Goldman's prime brokerage division. This isn't the first time that the family office poached a top talent from the Street, having attracted investment banking powerbroker Steven Rattner and Alice Ruth.

This shows an important trend in which top family offices are increasingly attracting these sought-after talents and bringing them in house for similar functions (and often similar pay) for the family office.

For investment banks' traders going into hedge funds, the new thing now is to target 'family offices.' Point72 Asset Management, Steve Cohen's family office, has been hiring and ex-Brevan Howard star trader Chris Rokos has also been building his family office over the past year. Even Bluecrest Capital Management, which has long been the hedge fund of choice for banks' traders, has retreated to managing its own capital...

...Jonathan Hughes, who Willett hired away from Goldman Sachs's prime brokerage division, is the latest example. He joined Willett in April after nearly nine years at Goldman and will now focus on hedge funds at the family office of the former Mayor of New York...

...Outside of the executive suite, Willett has been hiring juniors from bulge bracket banks too. John Howie, a senior associate at Willett Advisors, was previously an associate at J.P. Morgan, as was Peter Krow, who now focuses on direct investments at the firm. Viral Ghandi, an associate director at Willett, was an associate in Morgan Stanley's IBD team.

Be sure to check out the latest positions we're looking to fill at www.FamilyOfficeJobs.com

Source: <http://news.efinancialcareers.com/us-en/248014/bloombergs-family-office-is-hiring-from-bulge-bracket-banks>



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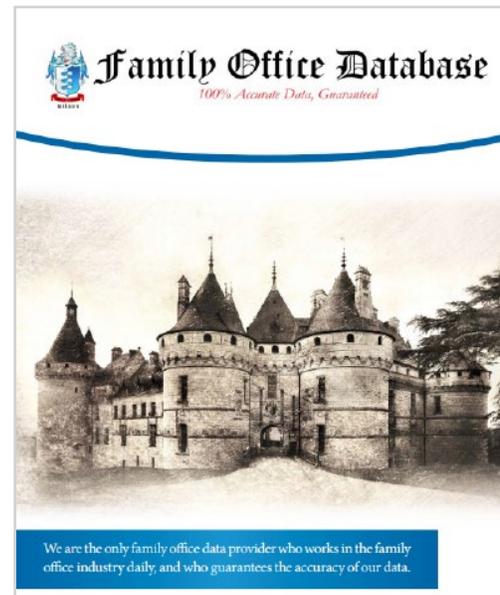
ACCESS THOUSANDS OF FAMILY OFFICE RELATIONSHIPS

The team at the Family Office Club has put together a powerful combination of resources for professionals looking to raise capital from institutional and family office investors. The Institutional Capital Raising and Conference Package includes all of our investor databases, as well as access to our quarterly family office networking summits, educational webinars, and 5 professional designation programs offered by the Finance Training Society.

What's all included in this package?

- 1 Multi-Family Office Database (1,000+ Firms)
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SINGLE FAMILY OFFICE MANAGEMENT



At Single Family Office Management, we provide hands-on assistance in launching, managing, and improving your single family office.

If you are seeking help forming a single family office or want expert support for your existing family office, visit <http://SingleFamilyOffices.com> or call (305) 333-1155 to speak with an experienced single family office advisor.

SAN FRANCISCO-BASED SINGLE FAMILY OFFICE SEEKING INVESTMENT ANALYST

A Single Family Office based in San Ramon—about 45 minutes from downtown San Francisco—is looking for an associate to join their team with 2-3 years of experience in financial modeling, due diligence, real estate or investment banking. Currently seeking a candidate with a record of academic excellence, preference is given to candidates with graduate degrees from Wharton, Stanford, Harvard or similar Ivy-League Institutions.

Family Office experience is beneficial, but not required; applicants with Family Office connections will be considered first.

Candidate must be discrete, committed, technology savvy and maintain utmost professionalism.

Key Responsibilities May Include:

- Help conduct due diligence on different portfolios.
- Light travel to potential investment locations
- Attending meetings with head of Family Office and assisting with Real Estate and Investment deals.
- Helping with financial modeling and valuation projects.
- Attention to detail.

All interested applicants please apply below.

You can apply for this position at <http://FamilyOfficeJobs.com/Family-Office-MBA/>

FAMILY OFFICE CONCEPT TAKES HOLD IN INDIA



As we've covered many times in other articles and white papers, the global wealth creation in markets like China, India, and Brazil is fueling a wave of new ultra-wealthy individuals at the same time as the family office concept grows in popularity amongst millionaires and billionaires

worldwide. India has, of course, generated a substantial amount of wealth as the economy has grown and businesses serve the country's massive population.

The number of UHNW families in India is estimated at approx. 2,100 according to the Credit Suisse Global Wealth Report 2015.

Rajan believes that the need of setting up family offices in India is a necessity.

"Almost \$128 billion worth of wealth will be migrating from the one generation to another in India over the next 10 years. And we believe succession planning and how the wealth is preserved will be crucial," she said.

Rajan is also expanding Waterfield's presence with offices in Mumbai, Delhi, Chennai and now in Bangalore. "We will soon sign out first client from Hyderabad and Kolkata," she added. The company also received strategic investment in the business by Amit and Arihant Patni in 2014.

Since the launch of Waterfield, Rajan's client profile has moved towards the UHNW families who have wealth in surplus of \$50 million. "We have actually seen that we can attract and work with the \$50 million asset group. Our ambition is to try and cater to the top 200 families," she acknowledges. At present Waterfield Advisors work with 30 families in India.

Source: http://www.business-standard.com/article/companies/assets-of-family-office-market-to-grow-in-india-116070600380_1.html