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NEWS RELEASE

TITANS SEEK OTHER RICH FOLKS TO JOIN THEIR 'CLUB'

High-powered execs start private bank

December 10, 2007

Originally Published By Charles Paikert, Investment News

Private banks just aren't what they used to be, or so claim 31 chieftains of Wall Street and corporate America who believe they can do better.

The star-studded team kicked in around \$1 million apiece to help found and capitalize Fieldpoint Private Bank and Trust, which is scheduled to open in February. The bank will be located in exclusive Greenwich, Conn., home to many of the bank's founders and the virtual epicenter of the hedge fund business.

"With the consolidation of the big banks, many extremely affluent people are dissatisfied with the service, advice and investment opportunities they get," said Fieldpoint investor Reginald Brack, chairman emeritus of New York-based Time Inc., publisher of Fortune and Money.

"Bulge-bracket firms have been challenged to provide the correct level of service [to ultrahigh-net-worth clients]," said fellow investor Thomas Hughes. "They are trying to build a scalable business, rather than focus on their clients."

Fieldpoint executives said they want to do things differently.

"We are creating an exclusive, clublike feel," said Kevin McCabe, Fieldpoint president and chief executive, who was formerly a senior vice president with New York-based JPMorgan Chase & Co.

Some in the industry think the concept of a tight-knit titan-owned private bank is shrewd. Others dismiss it as little more than a group of elite financiers acting like a teenage Mickey Rooney exclaiming to his pals, "Hey, kids, let's put on a show."

"These are a bunch of guys who've got time on their hands," said one competitor, who asked not to be identified. "Just because you ran a big business doesn't mean you can play in this world."

Another competitor asked: "What's the end game? Is it a men's club or a real venture with an exit strategy?"

By offering a "hybrid" that combines a private bank, a trust company, traditional wealth management and a multifamily office with concierge services, Fieldpoint can indeed fill a niche in the market, Mr. McCabe said.

"We decided that we could create value beyond what the existing players are doing," said Fieldpoint chairman Daniel Donohue, a former vice president of New York-based Merrill Lynch & Co. Inc., who is also one of the bank's founders.

"All of our founders and in-vestors are friends," he said. "We're looking for the same kind of creative, entrepreneurial people as clients."

In fact, Fieldpoint founders include three former Merrill Lynch chief executives — David Komansky, William Schreyer and Dan Tully — along with Joseph Moglia, the head of TD Ameritrade Holding Corp. of Omaha, Neb., and Joseph Grano, the former chief executive of UBS PaineWebber of New York.

Not enough star power for you? Add Jerome Kohlberg, founder of New York-based private-equity firm Kohlberg, Kravis and Roberts, and Sidney Goodfriend, New York-based director of investment banking at Credit Suisse Group of Zurich, Switzerland.

Clubbiness, in fact, is part of the reason potential clients are expected to sign on with what Mr. McCabe describes as the "membership-oriented" bank.

The bank will require potential "members" to have at least \$10 million in investible assets. This is in line with many of Fieldpoint's high-touch competitors, including New York-based Klingenstein Fields & Co. LLC, another exclusive firm founded by a top Wall Street executive.

After opening in Greenwich, Fieldpoint plans to expand throughout the New York metropolitan area and eventually enter other "centers of wealth" around the country, Mr. McCabe said.

And "at some future point, we will need to provide liquidity for our investors," he said. "Going public would be 'Plan A' at this point."

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Some industry observers compared Fieldpoint's aspirations — and the cachet surrounding its luminary founders — to myCFO, the much-hyped Mountain View, Calif., wealth management firm founded by Silicon Valley moguls in 1999 and sold after middling success three years later to Chicago-based Harris Bank.

But even in today's competitive environment for ultrahigh-net-worth customers from such formidable competitors as New York-based Goldman Sachs & Co. Inc. and Morgan Stanley, Fieldpoint still has an "enormous opportunity," said investment banker Daniel Seivert, chief executive and managing partner of Manhattan Beach, Calif.-based Echelon Partners.

"There's a huge ocean out there and still plenty of fish to catch," Mr. Seivert said. "And there's room for plenty of boats without bumping into each other."

Nevertheless, he gives the venture a 50-50 chance to make it.

"I don't like the words 'bank' and 'trust,'" he said. "Those are old-world models and so far from wealth management."

And while the founders' impressive names may attract clients, they also may create a customer perception of glory days that are "over and done with," Mr. Seivert said. "It's not a no-brainer. [The bank] has got to make it happen."

A large "unserved" need does indeed exist in the ultrahigh-net-worth market, said Robert Elliot, senior managing director for New York-based Bessemer Trust Co.

What's more, there is "an overall dissatisfaction with some historically strong players in the field," Mr. Elliot said, creating an opportunity for Fieldpoint to target "the hedge fund masters of the universe in Greenwich."

Indeed, as Mr. Brack put it, "some wealthy families feel lost" because their trust advisers are now part of large institutions.

"Still, it remains to be seen exactly what [Fieldpoint's] niche will be," Mr. Elliot said. "It's hard to say how much they will build out and how much of their own money" the founders will invest in the firm, he added.

Fieldpoint's formation is "yet one more indication of incumbent models' not meeting client demands," said Jamie McLaughlin, New York-based managing director for Convergent Wealth Advisors of Rockville, Md., who questioned the founders' capital commitment of \$36 million.

"Given the net worth of the group," Mr. McLaughlin said, "the capital commitment is de minimus. If they're going to get behind this, they're going to have to do a lot more and provide service and a platform, as well as go about finding a process to select managers."

Mr. Hughes, the New York-based chairman and chief executive of LNR Property Group Inc. of Miami and a former head of global derivatives for Merrill Lynch, responded that the new business is "ex-tremely well capitalized."

He also hinted that the founders will be injecting in much more money as clients, noting that "assets under management are very different from capitalization."

Noting the "extremely generous gifts" its founders have made to charity, Mr. Donohue stressed that the bank will also emphasize philanthropy as a wealth management service.

Asked to give an example, he said it is likely that one of the founders could know of a talented money manager starting a hedge fund.

"They might ask our research people to take a look," he said.

Undoubtedly, they will — and since they are in Greenwich, they may not have to look much further than down the street.

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