

January 12, 2010

To friends of the [mutual private bank](#) project:

Happy new year!

We end 2009 in a state of suspense and commence 2010 with great anticipation. We accomplished a great deal over the last year, from conceiving an innovative and unique business model for private banking, to building a world-class team composed of many former colleagues from Fiduciary Trust Company International, to receiving a tremendous response from the market place for our proposition. I am grateful to all of you for your continued interest, encouragement, and support. I am particularly thankful to those who have joined me in this effort. The stars have aligned and we are poised for success.

This is the eighth monthly project update to friends of the [mutual private bank project](#). We skipped December due to a great deal of project activity that required our full attention. Nonetheless, I sent some of you a [complete recap](#) of our project in connection with our effort to secure founders (more on this below). Past reports, as well as project background and additional material, are available on the [project website](#).

[In our last report](#), you read about our revised plan and our steps to secure founders. Since then, we made significant progress having presented to eight prospects in Texas and New York during the two weeks before the holidays, and recruited three critical new members of the management team. We are currently in discussions with some family groups concerning the terms of their commitment as founders, and we expect to secure our first signed commitment shortly.

This month, we report on:

- Recap of our current status and plans
- Name change
- Additions to management team
- Securing founders - the road show
- Next steps

### **Recap of our current status and plans**

In a nutshell, we are creating a new private bank, mutually owned by its clients through membership in a non-stock company and organized exclusively for the complex needs of wealthy families, individuals and their offices (our minimum relationship is \$50 million). Client ownership eliminates conflicts of interest with independent owners, and thus offers many benefits to families with multi-generational wealth.

My team and I (including a number of former associates from Fiduciary Trust International) started this endeavor earlier this year when it became clear to us that a new fiduciary system was needed to address a growing crisis of confidence among wealthy families. Since then, we built an impressive leadership team (biographies are on the [team page](#) of our website) and gone through preliminary legal and regulatory review. We are now in the final stages of attracting founding members, having so far approached approximately 30 family groups.

A more [comprehensive recap](#) is available on our website.

## **Name Change**

We adopted the new name Members' Private Financial Services to better reflect our mission and vision. As a consequence, we also changed the name of our website to [www.membersprivatefinancial.com](http://www.membersprivatefinancial.com). When we incorporate and register this name, we will make a formal announcement.

Until then, our email address will remain [mutualprivatebank.com](mailto:mutualprivatebank.com), and in certain situations we may continue to refer to our project as "mutual private bank" as a convenient way to communicate the essence of our business model.

## **Additions to management team**

I am very excited to report that we recruited three new senior professionals to our team, two of whom held management positions at Fiduciary Trust Company International.

Our new team members are:

- *John Ravalli* will be Co-Chief Investment Officer. John has 25 years experience in asset management leadership, with a strong track record of innovation serving wealthy families and institutions with sophisticated investment strategies. I worked with John for eight years at Fiduciary Trust, so I know that we are very fortunate to have his commitment to building this business.
- *Christopher Piros*, Ph.D, CFA, will also be Co-Chief Investment Officer. Chris is an academic and applied finance professional with deep experience building asset management businesses, serving clients, and teaching. His new textbook, [Running Money: Professional Portfolio Management](#), is due out shortly from McGraw Hill, and will be the first in the field to provide applied training in advanced portfolio management techniques, including both development of theory and illustration of practice.
- *Teresa McCann* will be Chief Banking Officer. Terri has more than 35 years experience developing and leading private banking services and operations, including senior executive positions at U.S. Trust and Fiduciary Trust, in each case building and leading private bank operations nationally.

As a reminder, the other members of the management team that were previously announced are:

- *Nancy Kuenstner*, Holding Company Chairman - Commercial and investment banking executive with international experience who has successfully started and led a specialty trust company.
- *Stephen Tall*, Holding Company CEO - Private banking and family office executive with outstanding track record of leadership, management and service.
- *George Bollenbacher*, Holding Company COO - 40 year veteran of Wall Street in front and back office leadership roles.
- *Gayliss Ward*, Head of Fiduciary Services - Seasoned private trust attorney and tax specialist with leadership experience in foreign and domestic private banks.

Biographies of all the team members are available on the [team page](#) of our website.

One of our prospective founders from Houston met the team in New York for more than two hours on December 23rd, exploring a broad range of subjects in great detail. It was evident to him that the team is highly motivated and experienced. In addition, it was clear that they are fully committed to the client-ownership model and eager to work for their clients unencumbered by separate shareholder interests.

Following the meeting our guest remarked that the team is extremely impressive in their capabilities and presentation, and is excited about working with them. The feedback validated my view that we have assembled the strongest team possible to provide sophisticated and world-class private banking services to family offices with complex, multi-generational requirements.

We would be delighted to arrange a similar meeting with other qualified parties.

### **Securing founders - the road show**

We are in the process of securing a minimum of five founding members and their capital commitments totaling \$25 million. We have so far contacted approximately 30 families across the country and have begun presenting this opportunity to them. Founders will have a board seat and have the benefit of participation in the earnings as well as the right to approve the business plan, professional staffing, and capital calls, among other things.

We made an auspicious start to our road show on December 14. Nancy Kuenstner flew from New York to join me in Houston to present to representatives of four family offices. The meeting was hosted by the CFO of one of the families who had arranged the meeting for us. The invitation was sent to a number of Houston families, many of whom expressed interest but were unavailable due to scheduling conflicts, so we will be returning in the near future. The following day, Nancy and I met another prospect in Fort Worth. We received a very positive reception in our meetings and believe one

or more founders will emerge from these initial presentations.

On December 23, the CFO from the Houston family joined us in New York, met our management team, and then accompanied us to meetings with two New York-based families. Since then, I had meetings in St. Louis with professionals that advise families based there, and generated a significant number of leads. We will of course be meeting with prospects in New York and other locations over coming weeks to secure our founders.

We recently commenced discussions with one of these families concerning the terms of their commitment as founders. We hope to secure the commitment shortly, and believe that doing so will be the catalyst to other founders making their commitments.

### **Next Steps**

- We are filing the certificate of incorporation for the non-stock entity in Delaware. Subject to states approval, we will name the entity Members' Private Financial Services, to reflect the mission and vision of the company.
- We have contacted family groups around the country and are currently fielding inquiries and scheduling meetings to discuss their interest in joining as founders. We are also asking these groups for introductions to others that they believe will qualify to be members.
- Once we have capital commitments from founders, we will proceed with a letter of intent to acquire a bank. We have had preliminary discussions with two different bank owners about the possibility of acquiring their banks.
- Upon completion of the fund-raising, we will conduct the first meeting of the board, and commence the steps necessary to proceed with establishing the asset management and fiduciary services.

Please feel free to share this message with other qualified parties that you believe will be interested in our project. Contact me if you would like to discuss your interest or schedule a meeting.

I look forward to hearing from you.

Best wishes,

--

Stephen J. Tall  
Organizing Principal  
(973) 525-3180

[www.Linkedin.com/in/stephentall](http://www.Linkedin.com/in/stephentall)

See Members' Private Financial Services website:

[www.membersprivatefinancial.com](http://www.membersprivatefinancial.com)