

May 4, 2009

To friends of the [Mutual Private Bank project](#):

I am writing to keep you apprised of my efforts to start a new private bank using a mutual charter, and to highlight the next steps that will be necessary to secure regulatory approval and open the doors for business. Even though I have been in contact with each of you in recent months to tell you of the project, background and additional material are on the [project website](#) for your convenience.

There are more than 130 recipients of this report. I have spoken with or corresponded with all of you in the last several months, and met many of you to discuss the project in depth.

Included in the mailing list are:

- eleven family offices (three in Texas, five in New York, one in New England, one in Florida, one in Michigan); eight recipients are family office principals and eight are family office executives;
- seventeen families with substantial wealth, much of it in trusts, and with a range of banking and advisory relationships for custody, fiduciary and banking services, but without family offices;
- ten trust and estates professionals that work for law firms and serve as corporate trustee, or work in advisory firms directing fiduciary services;
- twenty-three senior banking professionals with backgrounds that vary from global commercial banking to regional private banking;
- forty-six investment managers or investment advisors.

## **Market Assessment**

Most of my efforts until now have been dedicated to confirming the demand for and economic viability of a private bank organized using a mutual charter. I have discussed the idea with numerous families and individuals who:

- require sophisticated fiduciary services;
- are unhappy with or seriously concerned about their current advisory and banking service providers; and,
- are sufficiently motivated to collaborate with others of like mind to start a shared service, in the form of a mutual private bank, that will provide a superior alternative for them and their heirs.

The response has been overwhelmingly positive and encouraging. Most of those with whom I met believe a mutual bank that offers a full scope of fiduciary and banking services will fill a significant gap in the private banking marketplace. Many of those with whom I met would seriously consider using such an institution if it were available.

## **Project Team**

I am pleased to announce that [George Bollenbacher](#) joined the project to assist with business planning. We have worked on a variety of projects over the last ten years, so I am very

excited to have his involvement. George brings more than forty years experience in fixed income investing and bank operations management and consulting. In addition, he has written two books and numerous articles on investing and the banking industry. You can see his biography on the [project website](#).

In addition, the project is receiving confidential assistance and support from a wide range of experienced professionals that include:

- a partner with a national law firm with deep experience in mutual banking;
- an attorney with extensive experience in the investment management regulatory environment, including the hedge fund industry;
- an experienced private banking professional with deep experience in bank finance;
- an experienced bank audit and control consultant; and,
- a portfolio manager with more than thirty years experience serving high net worth clients and managing trusts.

I am in the process of identifying candidates for the key professional roles of the proposed bank. The roles are:

- Chief Investment Officer – an experienced investment professional to build and lead an investment group that will provide asset allocation, investment manager due diligence, portfolio construction, security research, and reporting;
- Chief Fiduciary Officer – an experienced and well-respected trust and estates professional with extensive connections within the trust and estates legal community to build and lead a team providing sophisticated fiduciary services tailored to the needs of families with multi-generational wealth;
- Chief Financial Officer – a banking professional with deep experience managing the finance function, including balance sheet management, as well as experience in loan underwriting in the private banking industry (this role will likely oversee all banking services).

Please contact me if you would like to discuss the requirements for these roles, or to provide introductions for potential candidates.

## **Business Planning**

A high-level business plan has been developed. It describes the market needs, business model, scope of services, and capital requirements. An overview document and a preliminary pro forma can be seen on the [project website](#).

Extensive regulatory research has been conducted. The research includes reviews of federal and state laws, and reviews of rules and regulations, consultation with banking attorneys, as well as consultation with state and federal regulators. The results of most of this research can be seen on the [project website](#). I believe that my conclusions are accurate, however no information provided on the website shall be considered a substitute for your independent investigation.

The business planning documents are on a password protected page of the website. If you have not already done so, please contact me to obtain the password.

## **Next Steps**

While we work on the detailed business plan, the most significant priority is to secure the commitment of members of the bank formation group.

We are planning to conduct a meeting in New York, the week of June 22, to which only qualified prospective charter members will be invited. The goal of the meeting will be to review the draft plan, confirm the scope of services that charter members believe should be provided, and to secure tentative commitment from charter members. Attendance will be by invitation only. Acceptance of an invitation to this event will not be construed as a commitment to participate in the formation group, nor will there be any obligation of any kind.

On the basis of the commitment made, a more detailed plan will be developed and a preliminary bank application prepared.

## **Travel Plans**

I will be traveling to:

- New York the week of June 1 to meet with additional interested parties;
- Chicago from June 8 through June 10 to attend the [Family Office Forum](#);
- New York the week of June 22 to conduct the prospective charter members meeting.

Please let me know if I may contact you to arrange a meeting.

## **Privacy Policy**

We have not and will not disclose the identities of any of our project contacts without their explicit consent and knowledge.

Please feel free to forward this report to others whom you think would be interested in learning more about this project.

Best regards,

Stephen J. Tall  
Project Leader