



# BVE WHITEPAPER: RISK MANAGEMENT & FAMILY OFFICES TODAY

## EVOLVING STRATEGIES FOR A DYNAMIC ENVIRONMENT WORKSHOP RECAP

PANELISTS: Jarrett Bostwick | Mickey Rosenzweig | Elaine Bucher  
Joel Yudenfreund | Elyssa Kupferberg | Joshua Coleman



Bonaventure Equity, Spearhead Capital, and Rosenzweig Financial Services convened a group of Family Offices and experts for a timely and engaging discussion around managing wealth in a dynamic time. The recently passed tax reform represents the biggest change to the tax code since 1986. During the forum the group of experts and attendees worked through a case study analysis to talk about best practices and strategies for a variety of scenarios relevant to today's wealthy families and how they manage risk.

Retirement and succession issues are paramount to wealthy families. Too often, families don't communicate well or fail to create the infrastructure they need to properly manage both their family wealth and family business.

Through the following hypothetical family office, the group addressed the benefits and considerations with many of the structures, trusts and insurance vehicles available to them today.

## CASE STUDY

Franklin Malloy is a local leader in his community. He inherited the company he owns and runs as CEO Malloy Companies of Florida, a manufacturer of agriculture equipment that was founded by his father over 50 years ago. Malloy, now 67, is starting to think about his retirement and succession plans for his business and his family enterprise which he manages on behalf of this sister, two children and another 10 close relatives.

The last time Malloy considered a succession plan was when he got divorced from his ex-wife 10 years ago. At the time his divorce attorney worked with corporate counsel to move many of the ownership positions in the operating business into a variety of trust and estate structures; today the business is almost twice the size at over \$150 million in revenue that distributes up to \$10 million annually back to the shareholders, all of whom are family members.

Malloy is concerned with how the changing tax code is going to impact the various legal and insurance structures that were put in place some time ago and is curious about what he may need to change or adjust to meet the changing goals of the family members and the business.

In addition to the main business, Malloy manages an investment portfolio of over \$100 million in assets on behalf of his family members allocated primarily in commercial real estate, hedge funds and some direct investment in health care and early-stage technology companies. He does not manage these investments and assets through a formal family office structure but rather employs two accountants and his in-house counsel to help him direct his investment activities. He is considering establishing a formal family office team to be independent from the company going forward. This is primarily in anticipation of a potential sale of the company as a part of his thinking around succession planning.

Franklin Malloy has two children. His daughter, Millicent Malloy Seigel, 44, is active in the core business, and is likely to take over within the next five years, while his son, Benjamin, 41, works as a partner at a venture capital firm in California, where he has committed increasing amounts of family capital, outside of the guidance of the family advisors.

Millicent is married to an executive Vice President at Malloy Companies and they have three children. The oldest, Erik, is 21 and now works in Singapore as a currency trader for a major bank. A daughter, Barbara, is 19 and is entering her junior year at University of Michigan, where she is pre-med. The youngest son, Stephen, is 14 and is in private school in Palm Beach.

Benjamin, who lives outside of San Francisco, is separated from his wife of 13 years. Their oldest son Hunter is 10 and is severely autistic. They have a daughter, Abby, who is 8. The expectation is that, in the divorce, Abby will live with her mother while Hunter will stay with his father.

As Malloy takes stock of his investments and family investments, he realizes that he does not fully know what is owned by who and in what trusts or other structures the investments are held in. He has observed that every year there is less money flowing back to the family members to support their lifestyle despite the continued growth in company cashflow. Franklin Malloy's concerns are multifaceted:

- Adjusting the shareholder structure of his core business to reflect that only Millicent will be managing the business
- Potentially selling some or all of the business and doing so in a tax efficient way
- Better managing the family assets that are being committed to Benjamin's zeal for venture investment, and putting them into the context of the broader family portfolio
- Protecting the family assets with the expected divorce of Benjamin from his wife in California
- Handling the multinational and multistate complexities of cash management and taxation
- Ensuring the estate plan is equitable, while understanding the ongoing resources that will be needed for the special-needs grandchild
- Establishing better family communication to encourage more grandchildren to be involved in the core business
- Diversifying the portfolio to have less reliance on the core business and real estate, while managing the risk of the hedge fund and venture investments

## CONCLUSION

### ESTABLISHMENT OF A FAMILY OFFICE

One of the core problems facing the Malloy family is the lack of an organized family office. Family offices are effective when the business of the family is separated in some degree to the family business. While successful businesses benefit from disciplined operations and strategic planning, the management of family wealth is often eclipsed by the needs of the business and improperly delegated to trusted business executives. In the case of Malloy, his reliance on corporate counsel and two accountants to handle an increasingly complex structure has left him with large estate risk, even as the business itself has prospered.

What's more, effective family offices can manage better communications. Due to the geographic dispersion of family members, and the expectation that many will not be part of the business, it seems clear that regular communication is necessary to address business needs, family expectations and planning. Based on this case study, it isn't clear whether any conversations are happening at all, but it is necessary that all family members realize they have a stake in the future of the company that has been the source of their current wealth.

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### ABOUT V2 JETS

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With over a decade of loyal clientele, we've turned building strong personal relationships into an art form. With our V2 Jets Preferred Partner Network, you'll experience a top of the line experience that will provide you with an exceptional aircraft, crew and equipment. Our Flight Support Team performs a thorough review to ensure that all safety records and certifications are up to regulations and standards, allowing you to fly with ease.

## ABOUT SPEARHEAD

Spearhead is a boutique financial services firm exclusively focused on providing customized solutions for domestic and internationally-based ultra high net worth investors, family offices, and asset management firms. We strive to provide long-term value to clients on an after income tax and estate tax basis by combining balance sheet risk management techniques together with investment management strategies.

- Solutions Driven - Build customized “built to suit” client solutions using advanced wealth planning techniques
- Strategic Relationships - Partner with Top Tier Investment Managers, RIAs, Insurance Carriers, Insurance Producers, and Service Providers
- Global Network and Open Architecture – Achieve what is best for each individual client and their individual needs



### JARRETT BOSTWICK

#### GENERAL COUNSEL, HEAD OF ADVANCEMENT WEALTH PLANNING & CO-FOUNDER OF SPEARHEAD LLC

Jarrett Bostwick is the General Counsel and Co-Founder of Spearhead. Mr. Bostwick is also the Managing Principal of National Financial Companies, a multi-family office venture capital investment firm.

Prior to Spearhead and NFC, Jarrett was a Partner in the law firm of Handler Thayer, LLP, which provides professional services to affluent families, family offices and privately held companies. He remains of counsel to the firm. Prior to joining Handler Thayer, LLP, Mr. Bostwick was a Partner in the Wealth Planning & Philanthropy

Group of Gardner, Carton & Douglas, LLP in Chicago, Illinois. His experience includes tax litigation, valuation and accounting analysis, and serving as the Director of Wealth Planning Design for a nationwide financial planning company.

In December 2005, Mr. Bostwick was named by Worth Magazine as “One of the Top 100 Attorneys in the United States” serving affluent families and family offices. He has also been recognized by various independent organizations on their lists of top attorneys. Leading Lawyers Network named Mr. Bostwick one of the Top Attorneys in Illinois, in the area of, Trust, Will & Estate Planning Law. Mr. Bostwick has also been named to the lists of The Best Lawyers in America for Trusts & Estates Law, and to the Super Lawyers Illinois Rising Stars in the areas of Estate Planning & Probate, and Tax. Mr. Bostwick is a member of the American, Chicago and Illinois State Bar Associations, and was named the Vice Chair of the Exempt Organization Sections of the American Bar Association Real Property Probate and Trust Law Charitable Planning and Exemption Organizations Group. Mr. Bostwick is a nationally prominent speaker and author who has been named to Marquis Who’s Who in America, as well as to The Best Lawyers in America.

Mr. Bostwick earned his Bachelor of Arts in International Affairs Degree at the George Washington University in Washington, D.C., his Juris Doctorate Degree from Gonzaga University School of Law in Spokane, Washington, and his Masters of Law in Taxation from the University of Washington School of Law in Seattle, Washington.

## ABOUT ROSENZWEIG FINANCIAL SERVICES

Since 1976, RFS continues to build a team of diverse and experienced advisors that are committed to exceeding your expectations, by delivering more than they promise.

We bring together the key resources you need to make your financial plan work for you:

- Our Seasoned Team of Professionals share a commitment to integrity, continuing education, and exceptional service.
- Our Broad Range of Specialized Services address virtually all of your planning needs. In our desire to bring the best resources to our clients we offer strong internal and external capabilities. Internally, Mickey Rosenzweig, the founder, heads the advanced underwriting and estate planning team, Mark Ehrenreich leads our Employee Benefits department and Stuart Appel offers expertise in Long Term Care insurance and annuities. Andy Siegel heads up the pension design administration company. Externally, our joint venture with Roosevelt Investment Group allows us to offer strong investment management and financial planning capabilities. In addition, our strategic relationship with Alliance Brokerage allows us the ability to offer clients the full array of business and personal property casualty needs. Additionally, our relationships with seasoned attorneys, CPA's, bank lending officers, trust departments and family offices give us the ability to offer a broad array of planning capabilities.
- Our Step-by-Step Planning Process uncovers your unique needs and develops a plan that is designed specifically for you. From a young professional or new business owner just beginning their career, to the individual wanting to transfer assets in the most tax efficient manner at the end of their career, the professionals at RFS are committed to being a resource throughout this journey.
- Our Ongoing Monitoring Process keeps you abreast of current market trends and changes in your financial needs. Creating a plan is the easy part. Reviewing changes in tax law, product designs and family and company objectives necessitates the need for ongoing review and potential modifications. The RFS team stands committed to this.
- Our Commitment to Continuing Education and Knowledge - We draw on over 100 years of experience and continued commitment to advanced education through institutions like the American College utilizing the skills learned in gaining designations like CLU, ChFC, AEP, RHU, REBC, RICP, MSFS, LUTCF, CFP, CFA, MBA, etc.

### MICHAEL ROSENZWEIG, CLU, ChFC, AEP PRESIDENT AND CEO OF ROSENZWEIG FINANCIAL SERVICES (RFS)

Mickey Rosenzweig is Founder, President, and CEO of Rosenzweig Financial Services (RFS). Founded in 1979, RFS has been a leading financial practice for over four decades. Mickey has served as President of the Estate Planning Council of New York City, New York City Association of Financial Service Advisors (NYCAIFA), New York City Society of Financial Service Professionals (NYCSFSP). He also served on the Board of Million Dollar Round Table's (MDRT's) Top of the Table (TOT), the Association for Advanced Life Underwriters (AALU), and on the National Board of the Life Institute for Education (LIFE). Mickey served on the Board of Trustees of the American College for 9 years which ended as of the end of 2014 and also served as the President of the Alumni Association for 2012 and 2013. He is a Chartered Financial Consultant (ChFC), Chartered Life Underwriter (CLU), an Accredited Estate Planner (AEP), and a registered representative of HTK.



Over the course of Mickey's career, he has won several highly-acclaimed industry awards, has been a widely featured speaker, and has served on some of the most prestigious non-profit boards, i.e., State of Israel Bonds, the American Cancer Society Manhattan Advisory Board, and the North Shore Hospital Cardiology Foundation. Currently Mickey currently serves on the Executive Committee of the UJA (United Jewish Appeal), Life Insurance division of NYC.

Finally in 2013 Mickey wrote his 1st book titled "Regenerating Success" which was published by the American College and the 2nd edition was published in 2014.

## ABOUT BONAVENTURE EQUITY

Strategic Direct Investing Solutions - Bonaventure Equity, LLC ("BVE") is a boutique, fully integrated direct investing advisory firm. We believe that success is earned and that exceptional value is created by challenging the status quo in parallel with deep experience and technical expertise. In partnership with, and on behalf of, private investors and family offices, BVE advises and invests in leading private companies and real estate across a broad spectrum of industries.

Entrepreneurial Finance - We believe that building and extracting value through private enterprise is the single greatest pathway to creating wealth. Our innovative model evolved as a platform for investors to deploy capital more intelligently, mitigate risk and achieve extraordinary returns, and for owners and operators to efficiently access private capital. We are entrepreneurs ourselves and build lasting financial partnerships to accelerate growth and build and extract value.

Our Integrated Platform delivers transparency and an efficient process for companies to access capital from investors who are actively seeking fully vetted unique opportunities of the highest quality.



### ROSS O'BRIEN FOUNDER & CEO OF SPEARHEAD LLC

Ross O'Brien is the Founder of Bonaventure Equity, LLC ("BVE") a boutique fully integrated Direct Investing platform and advisory firm serving the family office investment community. Ross has over a decade of experience in investment banking, private equity and advising family offices and operating companies. Throughout his career Ross has advised on over \$120 million in transactions including debt and equity as an operator, advisor, investor, board member and intermediary.

BVE is founded on the principal philosophy that building and extracting value through direct investing requires deep expertise, investment rigor and an operational perspective. We believe that private equity investing has the potential to create outsized returns and exponential wealth, however is a highly complex and risky endeavor and positive outcomes can be achieved by applying best practices, new innovations and automation and experience and business acumen.

Ross brings a variety of expertise ranging from starting and operating high growth companies, to direct investing in Venture Capital, & Private Equity transactions, advising portfolio companies on Mergers & Acquisitions advisory and capital introductions. He has taught entrepreneurship and finance, has held board positions and has spent the better part of the last decade working with, and advising family offices and their direct investing strategies.

Prior to relocating to Florida, Ross worked on Wall Street with a boutique New York investment banking firm and was a Manager at Geller & Company and an Assistant Vice President at JPMorgan Chase. His experience also encompasses many entrepreneurial ventures ranging from being the first employee of a UK based Digital Media Technology firm responsible for launching their North American business. He was a founder of a digital technology company, which he and his partners exited in 2006. He began his career at Sony BMG and has international experience working in the UK, Europe, Hong Kong and Canada.

Ross holds an MBA from Fordham University and obtained a BS in Business Marketing & Management from Ferris State University. He also holds his Series 79 and 63 securities licenses.

## ABOUT THE PANELISTS



### ELAINE BUCHER, ESQ.

Elaine Bucher is a shareholder in the Private Wealth Services Group who serves on Gunster's Board of Directors. Elaine's practice is dedicated exclusively to sophisticated estate planning, estate and trust administration and fiduciary litigation. Elaine has extensive experience in implementing advanced wealth preservation techniques, transfer tax planning and business succession planning, as well as representing fiduciaries and beneficiaries in complex and disputed estate and trust administration matters. Elaine has developed a niche in representing clients who have complicated and sensitive family situations, and has written and lectured extensively on estate planning for second marriages and blended families.

Elaine currently serves on the Board of Regents of the American College of Trust and Estate Counsel (ACTEC), and is the immediate past Florida state chair for ACTEC. She has consistently been ranked by Chambers USA, where she has been called "an authority in the field of estate planning" and "an excellent client advocate." Elaine was named by Best Lawyers Magazine as the "2017 West Palm Beach Trusts & Estates Lawyer of the Year," and was chosen as one of the "Top 10 Lawyers" in the state of Florida by Florida Super Lawyers. In addition to her active law practice, Elaine is a member of the foundation board for The Boys & Girls Clubs of Palm Beach County, and a member of the Business Professional Advisory Committee of the United States Holocaust Memorial Museum. She also serves as co-chair of the firm's Associate Mentoring Committee.



### JOSHUA COLEMAN

Joshua Coleman began the journey of institutionalizing the values and wealth of his family into a "family office" in 2005. The generation prior to his built a public utility after the telecommunications act of 1996. Following the first of multiple liquidity events, the need for organized planning emerged.

While studying math and finance at Villanova University, Josh also shadowed professionals in the estate planning, tax, investment management, insurance and private banking communities to understand the options available to his family. By 2008 Josh had the family office fully installed, leveraging planning techniques from specialists from around the world.

Before the family office became his full-time focus, Josh was an analyst with Morgan Stanley's AIP group (fund of funds) and an associate with Willis Towers Watson (captive insurance companies and actuarial work). He graduated from Villanova University in 2008 and now lives outside of Philadelphia, PA with his wife Jenna and their 3 children – Kaylee, Caleb and Griffin.

## ABOUT THE PANELISTS



### ELYSSA KUPFERBERG

Elyssa Kupferberg is a Director/Investments with the Private Client Group of Stifel. In this role, she is responsible for implementing wealth management programs and sophisticated investment alternatives on behalf of high net worth individuals, foundations, corporations, and not-for-profit organizations.

Elyssa previously worked with Barclays Wealth and Investment Management, Americas as a Director from September 2013 until Stifel acquired the unit in December 2015. Prior to Barclays, Ms. Kupferberg worked at BNY Mellon for 14 years, serving as Senior Sales Director and Senior Vice President. Before joining BNY Mellon in 1999, Elyssa was Vice President and South Palm Beach County Market Manager at Chase Manhattan Private Bank. She began her career in the financial services industry in 1985.

Ms. Kupferberg earned dual degrees in 1985 from the University of Pennsylvania – a B.S. in Economics from the Wharton School and a B.A. in Communications from the Annenberg School of Communications. She also earned an M.B.A. in Banking and Finance from Hofstra University in 1991. Elyssa holds Series 7, 63, and 66 licenses from the Financial Industry Regulatory Authority.

Elyssa is actively involved in the community. She currently serves as a board member of Florence Fuller's Foundation, Federation's Women's Philanthropy, Adolph & Rose Levis JCC, Anti Defamation League (ADL), American Jewish Committee (AJC), and Israel Cancer Association. Elyssa is a prior President of the Greater Boca Raton Estate Planning Council. She also previously served on the Federation's Board and was past Vice Chair for its Foundation.



### JOEL YUDENFREUND

Joel H. Yudenfrend is a Director/Investments with the Private Client Group of Stifel. In this role, Joel is instrumental in counseling and assisting high net worth families in formulating, implementing, and striving to improve their plans utilizing his deep knowledge of business, tax, law, accounting, and nance matters. He also helps to ensure that his clients' investment strategies are coordinated with their overall family goals.

Joel has been in the wealth management business since January 1999. He previously worked with J.P. Morgan, Citi, U.S. Trust, and U.S. Bank. From 1987 until he joined the wealth management business, Joel was in the private practice of law with the nationally recognized firms of Withers Bergman and Cadwalader, Wickersham & Taft.

Joel received his J.D. from Boston University School of Law as an Edward Hennessey Scholar and his B.S. in Business Economics from the State University of New York at Oneonta with High Honors. Joel also attended the State University of New York at Binghamton in connection with obtaining his B.S. from Oneonta. In addition to holding a J.D., Joel also holds the Certified Public Accountant designation, as well as Series 7 and 66 licenses from the Financial Industry Regulatory Authority.

Joel has published many articles and has frequently been quoted and interviewed. He is very active in the community and has been honored multiple times for his involvement.