



# FAMILY OFFICE SYMPOSIUM

MAY 23, 2023 | 11:30 AM - 6:00 PM

## SUMMARY

Thank you to all our speakers, participants and sponsors for making the Council's Inaugural Family Office Symposium a huge success! Not only was the day rich with content and thought-provoking strategies, but it was also rich with networking and connections. We hope you found the symposium time well spent and that the highlights and takeaways provide you with great reference materials.

Speaker slides, bios and other materials can be found in the document library on the Council's website.

*Brett Scola, 2023 Family Office Symposium Chair and Council President 2022-2023*

### Keynote Presentation

#### **Family Governance for the Family Office of the Future**

**Patricia M. Angus, Esq., CEO/Founder, Angus Advisory Group, LLC**

The day kicked off with a look to the future from the widely sought-after family office governance expert, Patricia Angus, where she shared evolving research in support of applying institutional theory. She emphasized that family governance is more than just ad hoc joint decision-making – it is a process based on agreed upon principles that heads the family in a direction and provides guidance across all the family does together. New research has identified the factors that successful families follow in developing governance so that the family office can adapt as events occur in the future. The Future family office is looking more virtual, they are consolidating, and they are dealing with increased risks and regulations. Plan for succession because it is a certainty.

#### Best Practices:

- Determine what the family will do together (and what they will do separately);
- Focus on developing a family governance process; and
- Ensure flexibility for inevitable changes in family and family office.

### Panel Discussions

#### **Panel I: Nuts and Bolts of Family Office Formation**

**Moderator: Theodore Stein, Gordon Feinblatt LLC**

#### **Panelists:**

**Benjamin Berger, RSM US LLP**

**Miles Padgett, Kozusko Harris Duncan**

**Thomas Richardson, Esq., Arnold & Porter**

The panel covered key topics relating to the formation and structuring of family offices, centered around regulatory issues facing the family office, depending on who the owners are and the make-up of the client base. They focused the discussion on issues relating to SEC registration requirements and the family office exclusion under the 1940 Advisors Act. Of particular interest to the participants engaged in advising on newly formed family offices, were the use of a profits interest structure and relevant income tax aspects as well as governance and operational issues, and lessons learned from their experiences. The panel offered the following key takeaways:

- Gaining an understanding of the family office exclusion to the 1940 Advisors Act
- Understanding the income tax aspects of family office structures
- Familiarity with family office best practices and common pitfalls

## **Panel II: Private Investing by Family Offices**

**Moderator: Steve Aucamp, AITi/Teidemann Global**

### **Panelists:**

**Ron Dalal, Declaration Partners**

**Joe Del Guercia, Clark Enterprises**

**Scott Frederick, Sands Capital Management**

Oftentimes, Family Offices have distinguished themselves and organized their objectives through their unique investment programs. Steve framed the conversation with the backdrop of current macro-economic environment and engaged Ron Dalai of Declaration Partners, Joe Del Guercio of Clark Enterprises, and Scott Frederick of Sands Capital to share trends each are seeing among their family office clients. The panel emphasized that given their larger size, multi-family offices typically have access to a broader scope of deals, especially in illiquid alternatives assets including hedge funds, private equity, venture capital, private debt, and real estate.

Key Takeaways:

1. Generative AI can provide valuable support to Family Offices in data analysis, portfolio optimization, market forecasting and even idea generation, but it should not replace human expertise and judgement.
2. Family Offices are seeking opportunities in private debt. Providing mezzanine debt to growth companies with viable businesses that have been priced due to the valuation bubble, may provide significant upside.
3. The biggest risk today for Family Offices investing in Commercial real estate is jumping in too early. The demographic and hybrid work changes to office space due to the pandemic are going to take time to play out and values will be under pressure for some time.

## **Panel III: Enhancing Family Office Operations in the Digital World**

**Moderator: Scott Greenberg, Greenberg Wexler & Eig, LLC**

**Panelists:**

**R. Kris Coleman, Red Five Security**

**Erin Joe, Mandiant**

This session will detail three critical components of Security & Risk Management that Family Offices should be concerned with today: from a holistic view to practical implementation. A Family Office cannot expect to successfully mitigate cyber and physical risks without understanding the current paradigm, adopting a resilient mindset, and assessing their unique risks to take proactive measures. Attacks happen faster & are accelerating in frequency & sophistication, and families and family offices are prime targets due to prioritization of investments.

**Key Takeaways**

1. Understand your critical assets and determine what the threats and vulnerabilities, including geopolitical and cyber threat landscapes, are for your family and family offices.
2. Prepare people to manage crisis for stronger business resilience, e.g., tabletop exercises, trained/practiced resources for incident response and business continuity/disaster recovery/emergency response.
3. Implement security fundamentals to reduce risk and impact of a cyber breach, e.g., MFA, access controls, ongoing monitoring, proper security hygiene, protect credentials, patch management, and operationalizing intelligence.
4. Conduct a holistic assessment of your risk management efforts, including your cyber technology and security practices, e.g., accelerate detection by testing your security controls and attack surface with automation, practice restoring from backups, and practice working offline.
5. Build an ecosystem of support, specifically engage a risk management partner, develop a plan with resources, protect what matters most.

## **Panel IV: Critical Tax Issues Impacting Financially Successful Family Business in the New Congress**

**Panelists:**

**Brandon Román, Policy and Tax Institute**

**Russ Sullivan, Policy and Tax Institute**

During the final presentation of the day, Brandon Román and Russ Sullivan shared their unique perspective on tax reform issues that are impacting the millions of taxpayers that operate a family-owned business. Their presentation provided attendees with an overview of the Congressional Family Business Caucus and some of the recent tax legislation that it's helped to shape. In particular, they focused on the legislative evolution of the SEC Family Office Rule. The presentation concluded with their insights into some of the income tax and gift/estate/GST tax proposals that are currently being lobbied through the halls of Congress as the legislative process unfolds.

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