

Rich and bored? New venture club may be for you

By Dane Hamilton

NEW YORK, Feb. 9 (Reuters) - Unemployment can be tough, even for ultra-wealthy senior executives.

Fortunately, these elite few now have another way to spend their time: buying and building small companies through a new club aimed at harnessing their entrepreneurial urges.

The Presidents' Council, founded by boutique New York investment bank David N. Deutsch & Co., is looking to fill a void that traditional fraternal clubs for senior and retired executives don't: it's aimed at making entrepreneurial things happen.

And it has won big backers, including giant money-manager AllianceBernstein, buyout firm Riverside Co. and two others, according to David Deutsch, president and founder of the advisory firm that bears his name.

"We keep getting the same phone calls from retired executives saying 'I'm rich as hell but bored as hell.'" said Deutsch, whose annual summer networking confab in bucolic Saratoga, New York, attracts scores of the kinds of executives the club aims to interest: executives who don't have to work but want to.

For retired or semi-retired "C-level" executives (read CEO, CFO, COO, chair), attorneys, financiers and others, the club has already brought together a dozen executives from myriad industries and expects to hold its first meeting next month.

The aim: to vet investment ideas, as well as share concrete information on how to buy, finance and build enterprises, said Deutsch.

"We're borrowing from the best we have seen in CEO clubs," said Deutsch, referring to clubs like Young Presidents Organization or university alumni clubs, which offer fraternity, education and networking opportunities. The Presidents' Council takes it a step farther, offering "transaction support and transaction sharing," said Deutsch.

Mark Berman, an entrepreneur who runs buyout firm WRB Capital Group, sees the group as a potential caldron for new and exclusive investment ideas. At a time when private equity and venture capital money floods the market, many buyout and venture firms struggle to find such proprietary deals, he said.

"Here you have a club of C-level people, most of whom have been very deep in their industry and now maybe have time on their hands," said Berman, an initial member of the club. "They may be able to create opportunities that are less obvious to others, such as a division of a company they know that might be an interesting candidate for a spin-out."

Deutsch, an inveterate networker who keeps a low profile in the glitzy world of Wall Street high finance, didn't form the Presidents' Council for charitable reasons. He expects his firm, which specializes in advising mid-market companies in mergers and acquisitions, will win investment banking mandates from deals that are forged through the club, which costs \$10,000 to join.

Its monied backers also have a stake. The Riverside Co., a \$1.6 billion buyout firm that invests in small to mid-cap companies, has a "first look" option to invest in deals through the club. And New York-based AllianceBernstein, a \$717 billion investment titan for pension funds and other institutions, is hoping to attract new high-net worth business through the club.

"There is a screaming need for these things," said Deutsch, a 47-year-old former Lehman Brothers and Drexel Burnham & Lambert investment banker who founded his firm in 1993. "Our firm has identified 350 people we already believe that should be part of this."

"It's a bit like an angel's club, or a peer-to-peer advisory group," Deutsch added. "No one of us is stronger than all of us."