

Practices & Industries

Family Office

Overview

Family offices are privately owned entities established by affluent families to manage their wealth, plan for their families' financial future, engage in investment opportunities and provide other services to family members. Family offices can be formally structured or operated informally. In recent years, families of wealth have come to realize the many benefits of establishing a structured family office, including enhanced control, privacy and customization of their asset allocation, wealth and risk management, and an overall legacy plan.

Day Pitney routinely represents family offices, with a focus on single-family offices (SFOs), and their executives and family principals in a wide variety of complex matters. Our family office clients, which are based in the United States and abroad, have significant investable assets spread globally across numerous asset classes.

Our Family Office team includes experienced attorneys from multidisciplinary practices who serve the many needs of family offices. We are well versed in handling issues such as formation and structuring of SFOs (and their subsidiaries and affiliates), sophisticated tax planning, wealth transfer strategies, liability mitigation, risk management, and highly customized structuring of investments throughout the capital structure and across the alternative asset landscape.

We are proud to lead the Lex Mundi Family Office Special Interest Group (FOSIG) where the global members of the leadership committee represent families of wealth and their family offices, including both single and multi-family offices, and their executives and family principals in a wide variety of complex matters. Our FOSIG members include experienced attorneys from multi-disciplinary practices across jurisdictions globally who serve the many needs of the family office and family principals handling formation and structuring of family offices, licensing and on-going compliance needs, sophisticated tax and estate planning, wealth transfer strategies, liability mitigation, risk management, employment and incentive compensation arrangements, governance, and highly customized structuring of investments throughout the capital structure and across the alternative asset landscape.

Day Pitney brings to our family office clients the same skills and marketplace intelligence used to negotiate and structure our institutional investor clients' allocations to hedge, private equity and real estate funds. We also have significant experience in aircraft financing and private air charter fractional ownership programs, fine art financing, and wine investing. Our services to family offices span a number of areas, including:

- **Corporate and M&A** – Regularly counsel clients in connection with establishing U.S. business operations and business partnerships; company asset sales, acquisitions and financings, including debt and equity investments in portfolio companies; and advice with portfolio company initial public offerings (IPOs) and related stock sales.
- **Private Equity, Hedge and Real Estate Funds** – Have extensive experience with client allocations to third-party fund managers, including performing manager due diligence; negotiating and preparing side letters; negotiating prime brokerage agreements and International Swaps and Derivatives Association (ISDA) and futures account agreements; and negotiating and documenting separately managed accounts, single-investor funds and special classes of funds.
- **Trust and Estate Planning** – Assist clients, with the strong backing of our renowned Private Client department, in all trust- and estate-related matters, including domestic and international trust and estate planning; advice on setting up not-

for-profit organizations/foundations created by individuals, families or their companies; and advice on large charitable donations/legacies, gifts and other tax-exempt transactions.

- **Tax** – Offer clients state, federal and international tax counsel, including providing advice regarding Foreign Account Tax Compliance Act (FATCA) and U.S. disclosure requirements, tax optimization, and asset protection structuring for family offices.
- **Residential and Commercial Real Estate** – Represent clients in all real estate-related purchases, sales, leases and other agreements; development projects; and property improvement third-party contracts.
- **Regulatory and Compliance** – Advise clients on regulatory matters, including Securities and Exchange Commission (SEC), Commodity Futures Trading Commission, and state registration, deregistration and reporting requirements and exemptions; provide regulatory advice regarding interest rate and currency swaps and various hedging transactions; and prepare and file ownership reports, including Forms 3, 4 and 5 and Schedules 13D and 13G, under the Exchange Act.
- **Finance/Lending** – Represent clients in the negotiation of credit facilities secured by artwork, aircraft, private fund interests and other alternative assets.
- **Employment and Employee Benefits** – Assist clients with all their employment and employee benefits needs, including drafting employment and equity incentive agreements (as well as separation agreements) for senior managers and their portfolio companies; equity ownership buyouts; and for-cause and good-reason terminations.
- **Litigation and Dispute Resolution** – Represent clients, as plaintiffs and defendants, in personal and business litigation, including partnership disputes, tax and real estate controversies, contractual disagreements, and intellectual property issues.

Experience

No aspect of this advertisement has been approved by the highest court of any state. Prior results do not guarantee a similar outcome.

- Represented an international family in establishment of a New York-based family office with initial investible assets exceeding $400 million, including assisting with tax optimization and asset protection structuring; key employee compensation arrangements; and ongoing tax, trust and estate, and transactional support. Their investments include direct real estate, venture capital, private equity and third-party managed private funds.
- Represented an international family with a U.S.-based family office with investible assets exceeding $1 billion and assisted with several transactions, including:
    - $50 million investment in an offshore real estate fund of which the family office also co-owned the general partner;
    - $20 million co-investment in a U.S. leveraged buyout transaction;
    - $35 million investment in a hedge fund manager;
    - $60 million art-based credit facility with a large U.S. bank;
    - $65 million managed account with a hedge fund manager; and
    - proposed $100 million direct investment in a U.S. insurance holding company.
- Represented a Connecticut-based multibillion-dollar SFO in a comprehensive analysis of its compliance with the SEC's "Family Office Exemption " (Advisers Act Rule 202(a)(11)(G)-1); drafted, developed and implemented a formal compliance program, including producing a robust compliance manual and training employees about new insider trading rules.

- Represented an internal hedge fund of a large family office, assisting with regulatory compliance relating to its active public markets trading, including use of expert networks, regulatory filings, information barriers and a code-of-ethics program.
- Represented high net worth individuals with investments in and redemptions from private equity funds, hedge funds, real estate funds, venture funds and fund of funds, including doing due diligence, offering documentation review and negotiation and drafting of side letters, and negotiating and documenting managed accounts and special classes of fund interests.
- Represented high net worth individuals and SFOs in private ventures, including investments in a minor league AAA baseball team, vineyards and farms in California, film projects, and restaurant ventures.
- Represented an SFO with a $100 million commitment to an endowment-strategy fund.
- Represented an SFO in connection with the formation of a $20 million venture capital investment company.
- Represented an international family office as a sponsor with the IPO of one its portfolio companies that operates a specialty refining and pipeline fuel-distribution business.