



# Finding Major Gift Prospects Using WealthTracker Alerts

11/12/2015

# What we'll cover

- How to discover major gift prospects from WealthTracker email alerts.
- How to address these emails and understand what is in each section.
- How to expand on opportunities highlighted in these emails and provide field officers relevant actionable information.

# First – Speaker Bio

- Hugh Bennett has worked in prospect research at MIT for 10 years
- He previously worked as an investment banker for 25 years for large and small firms.
- Experienced with financial issues and transactions such as M&A's, IPO's, and venture financings.

# So, What Prospects are Tracked?

- WT can be sent a file of your prospects for matching and tracking.
- Web crawling constantly finds and adds new prospects to be alerted and tracked.
- WT now tracks over 10,000 prospects for MIT.
- News, SEC filings, etc are screened.
- There are over 30,000 financial transactions like mergers and IPOs in the US alone every year.
- Events with matched prospects are alerted.

# WealthTracker Alerts

- Come in standard daily sections.
- Track prospects for:
  - People in Motion
  - Company Events
  - Donor Political Gifts
  - Donor Insider (stock) Transactions
  - Wealth Monitor Intelligence

# People in Motion

- Typically new jobs or changes in roles.
- Mostly senior executive roles like CEO, CFO, COO, or Board Director.
- "C" Level executives are obvious prospects for further research and cultivation.

# Company Events

- Mostly venture financings, M&A sales or purchases, and IPOs.
- Large events (\$20M+) are likely places to note wealth and/or proceeds at the individual level.
- Ex – most CEOs own at least 5% of a venture funded company. If the company is being sold for \$50M, he/she is likely receiving at least \$2.5M in proceeds.

# Donor Political Gifts

- Political gifts of \$1K or more have a high indicator value for major gift prospects.
- Not only are the gifts relatively large to begin with, but such gifts are usually not tax deductible either.
- These gifts are one of the few types of broadly disclosed gifts. (Private fund raising orgs do not necessarily disclose their donors.)



# Useful Rule of Thumb

- Managements of venture funded or young public companies often hold at least 20% of a company's stock. (Even mgmt in mature companies typically own at least 15%.)
- CEO's likely hold the most of 20%; maybe 5%.
- Other execs tend to scale down with co-founders having most likelihood of 2% to 5% as well.
- They can still own more; an "at least" concept.

# Donor Insider Transactions

- SEC filings can be tracked on a timely basis for stock sales data.
- Sales of over \$500K or \$1M indicate liquidity and can be valuable for timeliness of asks.
- Stock sales can also be an indicator of a further potential sales and upcoming tax obligations that may be mitigated through a tax deductible donation.

# Wealth Monitor Intelligence

- Like company events, but broader as it includes further events such as rumored M&A sales and stated intent to go through an IPO process.
- Duplicative company events noted in earlier Company Events section can usually be skipped over as already having been viewed.

# WealthTracker alerts - examples



# People in Motion

## Eric Aboaf - New Appointment

2015-03-09

Citizens Financial Group, Inc. (NYSE: CFG) today announced the appointment of Eric Aboaf as Executive Vice President and Chief Financial Officer. He will serve on the company's Executive Committee and report to Chairman and CEO Bruce Van Saun. Aboaf will join Citizens effective April 6, 2015 and will succeed CFO John Fawcett, who is retiring April 30, 2015.

Aboaf comes to Citizens from Citigroup, where he most recently held the role of Global Treasurer. He also previously served as CFO of both Citigroup's North American Consumer Group and its Institutional Client Group. Aboaf also previously held the role of partner and co-head of the U.S. Financial Services Practice at Bain & Company.

In announcing Aboaf's appointment, Van Saun thanked Fawcett for his leadership as CFO, a position Fawcett has held since 2007.

"It has been a pleasure to work with John, particularly over the past 18 months since my arrival at Citizens," Van Saun said. "John has played a key role in many of our achievements over this period, including the enhancement of our reporting to public company standards, operational separation from RBS, the sale of our Chicago region, and of course the successful IPO. He will be missed, and we wish him all the best in his life's next chapter."

John Fawcett commented, "I am proud to have been a part of the Citizens team and to have played a role in its transformation. Now feels like a good time to take a step back, recharge my batteries, take some time with my family and consider what I'd like to do next. I had the pleasure of working with Eric at Citi and know he will do a great job of helping Bruce and the rest of the management team navigate the next leg of the Citizens journey."

"We are very pleased to have someone of Eric's talent and experience joining the Citizens management team," Van Saun said. "Eric's diverse background in finance and strategy is a great fit for Citizens as we pursue our goal of becoming a top-performing regional bank. He has been a finance leader across a variety of financial service business lines and has deep experience in balance sheet management. We plan a brief overlap period with John, but I expect Eric to hit the ground running."

Eric Aboaf added, "I am excited to take on the CFO role at Citizens and to partner with Bruce and the Executive Committee on the execution of Citizens' well-defined turnaround plan that already is delivering strong value for Citizens stakeholders. I look forward to contributing to these efforts."

As CFO, Aboaf will have responsibility for the business line finance groups and for the company's Financial Planning and Analysis, Controller, Investor Relations, Strategy, Treasury, Tax and Capital Management functions.

### Eric Aboaf - Biography

Eric Aboaf is joining Citizens Financial Group as Executive Vice President and Chief Financial Officer from Citigroup, where he held a variety of leadership roles over a 12-year period. As Citi's Global Treasurer, he was responsible for managing the company's balance sheet, ensuring strong liquidity and optimizing the capital structure. He also managed the company's U.S. investment portfolio and met regularly with major investors, clients and regulators.

Prior to becoming Treasurer, Eric held the chief financial officer positions for both the Institutional and Consumer bank segments at Citi. He was Global CFO for the Institutional Clients Group, leading the finance and strategy functions for Capital Markets, Investment Banking, Transaction Services and Alternative Investments. And he served as CFO for the North American Consumer Group, which included Credit Cards, Retail Banking, Consumer Finance and Insurance. Before holding those roles he served as Citi's head of Financial Planning and Analysis.

Prior to joining Citi, Aboaf was a partner at Bain & Company and Co-Head of its U.S. Financial Services Practice. He has extensive business

# People in Motion

- This prospect was known to us as a prospect already, but his bio does not reference MIT.
- But because he was matched by WT from our database, he was still alerted to us for new role.
- Important to stay current with major prospects.
- There may also be new opportunities given the new role.

# Donor Political Gifts

## Donor Political Gifts

2015-09-30		Vice President, Material Handling, Underground Division	IL	CATERPILLAR INC.	THE CATERPILLAR INC. EMPLOYEE POLITICAL ACTION COMMITTEE	Unspecified	416	2015 Primary	Massachusetts Institute of Technology, Sloan School of Management
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# Donor Political Gifts

- This donor was not recognized by us as a major gift prospect.
- Her gift alone was not large enough to merit attention.
- But, her title placed her among the top execs at a major publicly traded corporation.
- Her immediate superior earned over \$4.5M in cash compensation in 2014.
- She owned two homes; likely has significant stockholdings with income over \$1M per year.



# Donor Insider Sales

Name	State	Company	Acquired / Disposed	Shares	Price	Net Proceeds	Security Type	Ownership	Institution
Geo, David	Intl	CHINA BIOLOGIC PRODUCTS, INC.	Disposed	61,660	110.23	\$6,796,782	Common Stock	Direct	Massachusetts Institute of Technology

# Donor Insider Sales

- Prospect was known to us, but the value and extent of his holdings had increased dramatically.
- He was now selling significant stock - making him liquid and a prospect that we should prioritize.

# Wealth Monitor Intelligence

## #1

### **AMD in takeover talks with Microsoft - report**

2015-09-11 Fudzilla

Advanced Micro Devices (NASDAQ:AMD) is in talks to be taken over by Microsoft (NASDAQ:MSFT), Fudzilla reported, citing industry sources.

The report said the negotiations have lasted "a while" but there is no certainty whether a deal will occur or when. It noted that Microsoft has a lot of cash and a clear spot for the business, and that a deal would enable it to control the next generation of the console chip involved with its Xbox product.

The report noted that AMD's Radeon Technology Group would be an attractive asset on its own.

Industry sources that were described as "well informed" also suggested that Intel (NASDAQ:INTC) has interest in acquiring AMD as well.

# Wealth Monitor Intelligence

- Prospect was known to us based on a past People in Motion alert.
- Had been promoted to CEO.
- This new report provided advance warning that company is in M&A discussions.
- May provide liquidity to major prospect.
- (No sale closed as of yet; may not.)

# Wealth Monitor Intelligence

## #2

### **Nimble Storage expects to IPO in late 2013 or early 2014**

2012-09-14 Silicon Valley/San Jose Business Journal

Nimble Storage, a San Jose, California-based maker of enterprise storage systems, expects to go public in the second half of 2013 or the first part of 2014, according to a Silicon Valley/San Jose Business Journal report, citing CEO Suresh Vasudevan.

Vasudevan said in the question-and-answer format interview that that timetable allows investors to see the company as a low-risk proposition. He also mentioned that investors in the Northern Californian company say they are not investing in a startup company, they are investing in a "pre-IPO company."

Nimble recently announced a USD 40.7m funding round led by Sequoia Capital and Accel Partners.

The company has raised a reported USD 98m to date.

# Wealth Monitor Intelligence

- A person at this company was known to us in that we had the company affiliation and title, but he was not recognized as a major gift prospect.
- This alert was impactful.
- The prospect held \$140M in stock at the IPO when it was done.
- He was a co-founder and CTO with 9%+.

# So, what to focus on?

- Sellers (they get proceeds and liquidity)
- Venture financings of over \$10M or over \$20M (depending on your definition of major gift).
- M&A sales over \$20M and all IPO's.
- "C" level execs – they typically will own at least 2% and at least 5% if the CEO.
- Founders.

# What do we pass over?

- Debt financings
- Buyer side of any transaction (no proceeds)
- Constantly recurring names (these are often household names – example: Bill Gates).
- Small stock sales or political gifts.
- Any "immaterial" news in Company Events (earnings announcements, analyst reports, etc.)



# What Else?

- Alerts can cause us to look further into big enough events.
- Sometimes execs can be missed
- Board members, founders, and venture investors may not have been easily linked without another step of research in places like Crunchbase, SEC Form D filings, etc.

# Wealth Monitor Intelligence

## #3

### FEI to acquire DCG for USD 160m in cash

2015-10-27 Company Press Release

FEI (NASDAQ: FEIC), the Hillsboro, Oregon-based high-performance microscopy and imaging company, today announced it would acquire DCG, a Fremont, California-based semiconductor industry supplier, for USD 160m.

The companies issued a release stating as follows:

FEI Company (NASDAQ:FEIC) and DCG Systems, Inc. today announced a definitive agreement under which FEI would acquire DCG for USD 160m in an all cash transaction. DCG is a leading supplier of electrical fault characterization, localization and editing equipment, serving process development, yield ramp and failure analysis applications for a wide range of semiconductor and electronics manufacturers. Headquartered in Fremont, California, DCG is a profitable private company and was the recipient of Deloitte's Technology Fast 500 award in 2013 and 2014.

The deal combines FEI's leading physical failure analysis capabilities for the semiconductor lab with DCG's complementary portfolio of electrical failure analysis solutions. DCG's offerings expand FEI's served available market through the addition of optical imaging, thermal imaging and nano-probing technologies. The combined company's solutions will offer a more complete workflow for customers as they deal with the increasing complexities from process development to advanced 3D packaging.

"The acquisition of DCG expands FEI's presence and capability in the semiconductor lab and enhances our ability to provide a complete workflow solution," commented Don Kania, president and CEO of FEI. "The combination brings together leaders in physical and electrical failure analysis and will enable our customers to better connect workflows to improve time to data and efficiency."

"Together with FEI we have a tremendous opportunity to offer our customers an integrated defect analysis solution," commented Israel Niv, CEO of DCG. "The DCG team is excited to join forces with FEI and tap into FEI's strong global presence and significant R&D capabilities to drive further penetration of DCG's leading electrical failure analysis solutions. We look forward to working together with FEI to provide integrated solutions to help our customers successfully execute on their future technology roadmaps."

DCG generated revenue of USD 76m in its fiscal year ended 31 January 2015. The transaction is expected to be slightly accretive to FEI's 2016 GAAP EPS. FEI intends to fund the acquisition with cash on hand.

The transaction is expected to close by the end of 2015 and is subject to certain regulatory approvals and customary closing conditions.

#### Executive Affiliations

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Items per page 10 50 100 200

Name	Title	Company	Institution ID
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#### Intelligence Type

Companies for Sale

Deal announcements

#### Intelligence Grade

Confirmed

#### Target Companies

[DCG Systems, Inc.](#)

#### Other Companies

[FEI Company](#)

# If Big Enough - Dig Deeper

- This alert was big enough size to explore.
- No one was pre-identified at the seller (only at the buyer).
- Looked further anyway.
- The company's website listed nine executive officers.
- One turns out to be an MIT alumnus.

# Resulting email

- DCG Systems of Fremont, CA has agreed to an M&A sale to FEI for \$160M in cash. Closing is expected before the end of calendar 2015.
- Founded in 2008 with predecessors going back to the 1980's, DCG is a supplier of electrical fault characterization, localization and editing equipment, serving process development, yield ramp and failure analysis applications for a wide range of semiconductor and electronics manufacturers. The company reports it had revenues of \$76M in its last fiscal year ended January, 2015.
- X----- Y----- '69 PH (NR/N) is C--.
- Y----- joined DCG at its formation in 2008 from the predecessor business sold to DCG from earlier owners (Credence and Schlumberger). DCG appears to have been funded by its CEO and a "small group of investors" in 2008. No other venture capital since was noted. Y----- is estimated to own 2% to 5% of DCG, This **would be valued at \$3M to \$8M.**

# No Screening is All Perfect.

- One source notes 30% of the NYSE does not list schools of attendance in executive bios.
- Many private companies don't even list bios on their website at all.
- Company founders may hold significant stock, but not be a top C level executive.
- Board directors frequently do not list schools of attendance and are often overlooked in screening, but may have significant holdings.

# Summary

- Sending your pool of prospects with business addresses allows WealthTracker to create a matched database of prospects to track for future events.
- They will also catch many unmatched prospects around company events in many cases (but not all).
- These prospects all will have a high degree of matching accuracy and likely capacity.
- Efficient way to monitor over 30,000 financial transactions per year.

# MIT results.

- Over a five year period from 2010 to 2015, WealthTracker was directly responsible for our rating and confirming nearly 250 new major gift prospects previously unrecognized by us.
- Over the same period over 700 timely emails were distributed internally highlighting significant events where MIT prospects were involved with significant proceeds or holdings.

# Wait? – timely alerts?

- Our field staff are not receiving WT emails.
- Research is screening them for efficiency and impact.
- We then customize new short emails to relevant field staff.
- We add details about the impacts for individuals from further research.
- Ex: disclosed personal stockholdings and new value at company being bought.



# Why?

- It is not enough to have field staff know ABC Corp was bought by XYZ for \$2B.
- What did the prospect get – that's different, personal, and more relevant.
- Also sending everything in WT daily alerts is too much activity for them to monitor; and field staff don't have time or training to do the further detailed relevant research.

# Recommendation: Centralize

- We recommend that orgs have research assign an individual(s) to be regular screeners of WT daily emails (or sections of emails).
- Efficiency goes way up.
- Recognized regular names can be passed over many times when they become familiar.
- Process of efficient screening (with impactful email alerts to field staff) can be tailored off learned approach customized for your org.

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# Q&A

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