CADWALADER

Same Faces, Different Places

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Following the disruption in the market in March of this year, with the FDIC seizing three major middle-market lenders one of the questions on many people's minds was – where were our bankers, colleagues, clients and friends going to land?

It's not a secret to anyone reading this piece that each of those banks was a major player within our industry, with deep rosters of extremely talented people (each with a network of clients and colleagues) making it only a matter of time until those people found new homes.

Now, as the dust has settled for much of this talent pool, we thought it would be a good time to begin providing market updates – a sort of VH1-style "Where are They Now?" Here, we are covering the careers and movements of significant bankers in the world of Fund Finance.

This week, we caught up with several major players in the Fund Finance industry who were caught in the unfortunate wave that swept through the banking world in March and asked each of them questions regarding their new employers, as well as their general thoughts on the future, not only for their new institution, but for the market in general.

Michael Franks and Brady Harter – Citizens Private Bank

When Silicon Valley Bank collapsed seemingly overnight in March of this year, First Republic Bank Managing Directors Michael Franks and Brady Harter (both SVB alums) realized that what appeared to many as an opportunity to add new clients for FRB, could instead negatively impact countless friends and colleagues at SVB – as well as the broader industry itself. Unfortunately, for all of us, their suspicions were soon realized. Within days, Signature Bank joined SVB under the ownership and care of the FDIC and First Republic Bank would soon follow.

Ultimately, Franks and Harter (and their team) landed at Citizens, along with approximately 50 other private bankers and their respective teams (a figure that now encompasses about 150 new hires for Citizens). Scott Aleali and Jeff Maier (and their team) are counted among this number of new Citizens employees (be on the lookout for our upcoming conversation with Aleali and Maier regarding their transition and current business overview).

For Franks and Harter, Citizens' interest in forming a private bank, Citizens Private Bank, provided a platform to continue their personal, client-centric approach they have been perfecting for the past two decades at their prior

institutions. Harter said, “Our client-focused approach is in our DNA, so any landing spot needed to share that perspective and the formation of a private bank under the Citizens’ umbrella gave us just that. In addition, with their investment bank and traditional commercial bank (options we had not had before), we could provide our clients with additional resources that could assist the portfolio companies of our VC and PE firms.”

Franks expanded, saying, “Being at Citizens helps us provide a suite of solutions to serve the fund, the principals at the fund and the people at the fund, while also providing strategic advice on the investment banking side of the house.” In addition to subscription credit facilities, the new Citizens’ teams will be executing on management company lines and other GP financing solutions.

Franks said, “There is also the fact that the three biggest funds teams from First Republic chose to come to Citizens, so the dedication, focus and commitment to the space is really high.” He continued, “With the disruption in the market, we’re excited to see a real commitment to longevity in the product.” And further, given the disruption in the market, Franks and Harter see the demand as high as ever. And fortunately for a market in search of lenders, Citizens is “ready to go.”

Trevor Freeman – Axos

Axos was looking to enter the fund finance space. In hiring Trevor Freeman as the new Managing Director-Head of Fund Finance, Axos found the leader they were looking for to establish their fund finance group. Freeman’s approach was simple: hit the ground running and start doing deals. Since joining a few months ago, Freeman’s new group has publicly announced three closed deals via their Tombstone Tuesday series on LinkedIn and are ready for more.

Prior to Axos Bank, Trevor held senior positions on the Fund Banking/Sponsor Finance teams at Silicon Valley Bank and Citigroup and most recently, he was a founding member of Signature Bank’s Fund Banking Group. And in fact, it was the experience at his most recent stop at Signature Bank that showed Freeman how much he enjoyed building something new. Freeman stated, “The best part of my career was starting the business from scratch at Signature.” The opportunity to once again build a client base, create effective and thoughtful policies and envision an approach to the market appealed to Freeman. And the opportunity at Axos provided just such a blank slate for Freeman to work with to build a fund finance platform, while also providing the backing of an established organization on which to build. Being there at inception has shaped the way the team at Axos works now and their approach to market. In choosing Axos, Freeman was heavily swayed by the lender’s strong balance sheet which includes not having a held to maturity bond book which means there are no unrealized losses; further, he was impressed that fully 90% of the deposits at Axos are federally insured.

With the help of a talented and growing team, they have built out a full-service Fund Finance business that offers NAV, Hybrid, Subscription (to both diversified and single-investor vehicles), Management Company and GP financing solutions to Private Equity, Private Credit and Venture Capital. The Axos Fund Banking team combines these financing solutions with best-in-class treasury services – giving greater latitude and ability to serve varying client needs. The team is quick, nimble, and has capabilities to enter into complex and bespoke financing transactions to meet the liquidity needs of their clients. As Freeman enthusiastically declared, “We are ready to go, open for business.”

Alexa Schult and Storey Whalen – EverBank

Be a one-stop shop for Fund Finance. That is the mandate Alexa Schult and Storey Whalen took on in joining EverBank. There is a lot more to it than that, but at the core, that was the vision that inspired these two former First Republic bankers to join the fledgling group headed up by fund finance titans Jeff Johnston and Mike Mascia.

In a broad ranging conversation about the industry, and the opportunities and challenges presented in this unique moment in the market, Schult and Whalen shared with us the EverBank vision of providing unique, bespoke solutions to problems that have not always been solved by current market participants. They anticipate looking actively at prospects in subscription lending facilities, NAV financings, hybrid structures and any other arena that will promote the growth and development of a holistic business serving the wider fund community. Schult noted that they see an opening to address complex fund finance needs, but with better pricing than non-bank lenders.

Drawing on their years of high-touch, client-focused service, Schult and Whalen look forward to finding "creative, thoughtful and unique solutions" to provide various types of financing throughout the life cycle of a fund. In EverBank, Whalen expressed "we found a place with like-minded professionals who really value our input and unique perspectives." Schult expounded further, saying, "Storey and I have skill sets that really complement one another and partnering together in an environment which allows us to build on our network and experience just made sense."

One of the distinctive characteristics of EverBank is its private equity backers. Commenting on this, Schult said, "our private equity foundation means they really understand the unique needs and challenges of fund managers and that provides us with a unique platform, which differs from the typical bank mindset." EverBank is strategy agnostic and geographically agnostic – meaning the bankers are free to pursue interesting opportunities regardless of external factors. Ultimately, Schult and Whalen see significant growth opportunities supported by a one-of-a-kind platform and a business model that not only accepts, but in fact thrives on, creativity and the desire to do fund finance in a new way.

Kelly Adelekan, Rob Wilson and Julia Karoly – JPMorgan Chase Bank

"Same/Same, but different." And "business as usual, at a new home." When we caught up with former First Republic bankers Kelly Adelekan, Rob Wilson and Julia Karoly, that's the initial response we got to the question "So, how are things going?"

All three transitioned into a new home on the private banking team at JPMorgan Chase, who purchased substantially all of the assets of First Republic Bank from the FDIC in May of 2023. Adelekan, Wilson and Karoly joined J.P. Morgan Private Bank along with bankers Stephen Szanto, Johanna Hamel, Larissa Purcell, Kate McRoskey, Charles Heaphy, Trevor Harris, Tod Racine, Bronwyn Bailey and Abdullah Nezami.

While acknowledging there have been bumps in the road from where they were to where they are now, a clear optimism exuded our conversation as we discussed their present position and prospects for the future. While there is a new name on the door, they were quick to point out their group has remained intact and has continued to work together – a fact these colleagues are particularly proud of. Adelekan, Wilson and Karoly along with the nine other former First Republic bankers comprise a team within J.P. Morgan Private Bank devoted to Fund clients, and are laser-focused on becoming the premier leader serving this space.

These former First Republic bankers are particularly excited about the new partnership with J.P. Morgan's existing various lines of business and the new opportunities that partnership opens up. Adelekan stated, "We really feel good about the acquisition and the 20+ year track record of strength, stability and a fortress balance sheet we can now bring to our clients."

In particular, Wilson and Adelekan emphasized the symbiotic relationship their new platform will bring which will not only allow them to provide clients with subscription facility and GP financing products they are accustomed to receiving, but also the ability to provide solutions across multiple platforms including J.P. Morgan's Corporate Investment and Commercial Bank businesses. Wilson stated "We are excited to continue growing our business and the platform already in place at J.P. Morgan provides an ideal setting for us to do that." Ultimately, the newly-rehomed First Republic bankers see the possibilities both for themselves and for clients to provide solutions that are more than just an addition, but a multiplication of the services and solutions they were already accustomed to providing their fund clients.

Olivia Deroy – Investec

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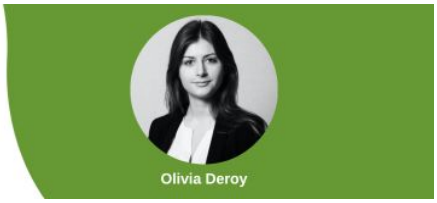

In something of a homecoming, Olivia Deroy returned to her former firm Investec following her time at First Republic Bank, albeit this time in a new role. Investec continues to be a significant market participant in fund finance across the UK and Europe, and since the team's inception in 2008, it has put in place over 1,000 lending facilities. Investec has rapidly grown its Fund Solutions team in recent years – from 13 people in 2020 to 37 currently – and the expansion of the business in the US is a natural step in the franchise's growth journey.

Prior to relocating to New York to work for First Republic, Deroy worked for Investec's London office, which is the global hub for Investec's Fund Solutions business. Instead of returning to London, she saw a continued opportunity in the US market and decided to take on the challenge in helping build out Investec's US Fund Solutions business. Olivia will be based in Investec's New York office focusing primarily on Private Equity and Infrastructure funds. The plan is to leverage the expertise of Investec's well-established UK Fund Solutions platform to provide innovative solutions to US-based funds. Deroy explained, "With the support of our London team and strategic expansion in the US, we are excited to provide fund finance solutions to US-based funds, which encompasses a wider product offering that differentiates us relative to our competitors."

At least initially, Investec expects to target the lower and middle market spaces in what it sees as a growth story in the making. Deroy noted one key differentiator from many lenders is the fact that Investec is agnostic when it comes to requiring deposit accounts to be held internally. Further, she observed that Investec is "fast, flexible and has a wider product offering" – characteristics that are much valued by fund managers looking for leverage solutions. Investec has recently closed two US deals in the last quarter and Deroy anticipates an exciting 4th quarter following an unusual year in the fund finance market. She stated, "We are ready to go, ready to look at new opportunities."