



Prominent Northeast Family Office: Delivering a unique alternative oil & gas investment fund to sophisticated investors

Opportunity

Similar to other large global family offices, this prominent northeast-based office is working to exploit unique global investment opportunities in a variety of ways. The family office has a significant history of investing in energy and oil & gas projects on a global basis. Over the past couple of years, they began to seek out unique opportunities in the northern United States. An alternative investment fund would be the ideal vehicle through which the family office could joint venture the investment opportunity with a team of geology experts. The fund would further allow other wealthy families and large accredited investors to co-invest in the oil, gas and mineral rights (OGM) opportunities.





Solution

The family office had an ongoing dialogue with Stonegate Global over a 12-month period discussing potential ways to structure the investment fund in order to meet all of the family office's evolving requirements and to solve various challenges. The family office was familiar with Stonegate Global's capabilities in fund formation and fund administration, as well as the firm's ability to create and design innovative alternative investment fund solutions. It asked Stonegate to help create a fund structure that would allow both US and foreign investors to participate in a private equity fund that would invest in non-operating working interests in OGM rights in various shale formations of particular basins in the northern United States.

Results

After sharing its detailed investment strategy and joint venture plans, Stonegate Global created a complex offshore and domestic fund structure that allows both US and foreign investors to participate in the fund. The proprietary structure developed by Stonegate captured various dynamics for the benefit of the private equity fund's investors related to expense pass-throughs, fee sharing, distribution rights, as well as significant tax advantages. The family office is now well positioned to market and deploy its innovative investment strategy.

ABOUT STONEGATE GLOBAL

Stonegate Global Fund Services is an offshore and domestic alternative investment fund consulting firm specializing in fund formation and fund administration of hedge funds, venture capital funds, private equity funds, oil and gas funds, fund of funds, insurance dedicated funds (IDFs), real estate funds, private REIT funds and ABL funds.

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