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## A Pre-ICO Lunch at Gibraltar

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By Kerry Pechter      Thu, Mar 29, 2018

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*I rented a Fiat 500 and drove to Gibraltar for a mid-day meal with Dean McClelland, the creator of TontineTrust, a retirement income product based on crypto-currency.*

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The crypto-currency entrepreneur Dean McClelland met me for lunch in a swank restaurant near the foot of the legendary white rock of Gibraltar on a February day when the wind from the Mediterranean blew strong enough to topple the scaffolding on one of the tiny British tax haven's half-finished high-rises.

After renting a Fiat 500 in Seville, I drove two hours south past olive orchards and down the corrugated length of Parque Natural Los Alcornocales to Gibraltar, where McClelland's company, TontineTrust, is based. He aims to build a global retirement income fund based on a proprietary crypto-currency and a tontine.

We sat down to a white-tablecloth meal in a near-deserted restaurant. McClelland ordered beer and I ordered red wine. He's a ruddy-faced Irishman of 47 with a chinstrap beard. He wore a dark pinstripe suit. I cannot say that I peered into his soul and took his measure. Only presidents can claim to do that.

We had already spoken via Skype for a recent *RIJ* article. But there were two questions I wanted to explore further. The first question: Didn't it seem quixotic to try to launch a product based on two strange ideas that most people don't understand?

McClelland looked at me just long enough for the tacit message of "You don't really get it yet" to appear in a word bubble above his head. He explained, and I began to catch on. Trapped in my retirement income perspective, I had wrongly imagined that the crypto-currency piece might be a drag on the tontine part.

In fact, it's the hook. Crypto-currencies are, of course, today's hottest investment category outside of cannabis, especially among the young, those with loose cash, and people who don't trust the value of "fiat" currency, like euros and dollars.

McClelland's tontine is denominated in a crypto-currency called TON\$. To invest in tontine shares, or even to distribute it (as an advisor), you must buy and hold TON\$. A retiree would be betting not only on the chance for an attractive payout from the tontine, but also on the chance that the market value of the TON\$ will soar. Where an income annuity offers retirees a dead-stick landing (no way to regain altitude), a crypto-currency tontine has no ceiling. At



the very least, it's a diversification play.

So, are lots of people taking a flyer on TontineTrust? No and yes. McClelland said that the board members of a famous company that owns an insurance company was recently interested in investing in Tontine until the chairman—a famous person, but I won't indulge in hearsay—shot it down.

Nonetheless, he said, accredited investors (\$1 million+) have been sending chunks of money to TontineTrust in response to its call for pre-ICO (initial coin offering; in this case, McClelland's TON\$) financing. That call was sweetened by the promise of 200% bonuses to early investors.

Risk-averse investors would never go near such a thing. As one person emailed me, "I love the tontine idea but this product seems to be negligent or purposely fraudulent." But it's catnip to those with a big appetite for risk. (Or those who believe that, if you get into something early enough, you're not paying much for the risk.)



My second question, a difficult one to craft politely, was, in effect: Who is Dean McClelland (at left, beardless), and why should people invest in his

company, or, as mere participants in the tontine, trust him with their retirement savings? He's not, for instance, the kind of recent Ivy League (or Stanford) graduate that private equity firms seem to love tossing money at. He had no special answer, except to shrug almost imperceptibly and say that he'd been an investment banker.

That question (a version of the "Who sent you?" challenge that speakeasy owners classically threw at new patrons) has been answered, in part, by the people who have decided to go to work with or for TontineTrust. I know of two. Richard Fullmer, the asset allocation expert, confirmed in a recent email that he had left T. Rowe Price to become chief investment officer at TontineTrust. Fullmer, who created a novel retirement income strategy when he was at Russell Investments (described in the 2011 book, *Someday Rich*) and designed target-date fund strategies for T. Rowe Price, is respected in the academic and professional money management realms.

Also working with McClelland is Brian Bossler. A former chief operating officer at RetireUp (the robo-advice platform for small 401(k) plans), Bossler now holds that position at TontineTrust. McClelland had been looking for someone who had brought a product to market in the US. Bossler had done that with RetireUp.

The rest of the story is yet to be written. McClelland and I shook hands and parted. On my way back to the parking garage where I'd left the rental car, I walked as close as could to the famous Rock. It meets the ground the way a skyscraper in Manhattan meets the sidewalk: at a right angle. I gazed straight up at the soaring limestone wall, almost expecting see the logo, *Prudential*.

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