

# Odette in CNBC: Why Club Investing Is a Slippery Slope for Family Offices

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March 13, 2025 Vicki Odette

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**PRACTICES** Investment Management, Family Office

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More family offices are engaging in club investing, but Haynes Boone [Investment Management](#) Partner [Vicki Odette](#) told CNBC that taking a leadership role in these deals can trigger SEC scrutiny, requiring registration as an investment advisor.

Read more in an excerpt below.

“It is a pretty tight network,” said Vicki Odette, a lawyer who works with family offices, funds and institutional investors.

But there’s a catch, according to Odette, a partner at Haynes Boone. ...

“It can really be a trap for the unwary,” said Odette, who chairs the law firm’s investment management practice group. “Certainly, the SEC will look at these things, and come in and say, ‘Prove to us that you aren’t providing this advice.’”

Many family offices prize their privacy and are loath to register, according to Odette. They can mitigate this risk by sharing investment duties and decisions with the other club members. ...

“I don’t think most families start off with the idea, ‘Hey, we’re going to start managing other people’s money,’” Odette said. “I think what happens is they start doing club deals, and then they have other families that are introduced to them that say, ‘I just want to rely on you. You know what you’re doing.’” ...

Families that go this route typically have strong backgrounds in investing, according to Odette. ...

Principals setting up RIAs should take several precautions to keep the advisory business and the family office separate, Odette said. For instance, it is harder for the SEC to make a case for auditing the family office if it has employees who are distinct from the RIA.

Running an RIA comes with hefty expenses like auditing staff, even if they’re outsourced, as well as responsibilities to investors, Odette warned.

“There’s a risk that you could lose everything overnight, and they’re probably going to sue you, and then the SEC is going to come in,” she said. “There’s just this whole other level of scrutiny.

“That’s why some families say, ‘We just don’t want to do that,’” she added. “We’re happy investing our own money.”

[Read the full article here.](#)