

Independent Sponsor Capital Raising: How the HNW Club Model Is Winning More Deals



By [John J. Koepfel](#)

December 28, 2025 | **CORPORATE**

One of the biggest challenges of being an independent sponsor is raising the capital for a deal. Often overlooked is the “club” or “friends and family” / high net worth (HNW) model of raising capital - either 100% of the equity needed for a deal or a portion (with the balance from institutional capital such as SBICs).

Advantages of this approach:

- Better sponsor economics.
- Better control over deals and post-close governance.
- Building a pipeline of HNW investors interested in your direct deals. Roughly a third to a half of the independent sponsor transactions we work on have some form of meaningful equity using this approach.

Added bonus -HNW investors really appreciate the access to compelling proprietary deals, many of which can be structured with attractive tax attributes (such as Qualified Small Business Stock).

John Koeppel's commentary on "[The Basics of Independent \(Fundless\) Sponsors in M&A](#)" by Jacob Orosz for Morgan & Westfield.

Disclaimer: *The information in this post is provided for general informational purposes only, and may not reflect the current law in your jurisdiction. No information contained in this post should be construed as legal advice from our firm or the individual author, nor is it intended to be a substitute for legal counsel on any subject matter. No reader of this post should act or refrain from acting on the basis of any information included in, or accessible through, this post without seeking the appropriate legal or other professional advice on the particular facts and circumstances at issue from a lawyer licensed in the recipient's state, country or other appropriate licensing jurisdiction.*