www.HFAlert.com

Hedge Fund ALERT

MARCH 28, 2012

Vinik Adds President to Beef Up Operations

Vinik Asset Management, which is in the midst of a reorganization, has hired **Gerard Coughlin** as its president.

Coughlin most recently worked at **Oakpoint Advisors,** a hedge fund consulting firm he co-founded, but is better known for an earlier stint in **Morgan Stanley's** prime-brokerage division. He signed on with the $10 billion Vinik this month.

Jeffrey Vinik, who once ran **Fidelity Investments'** famed Fidelity Magellan fund, is still in charge of Vinik Asset Management. **Mark Hostetter** continues as the Boston equity shop's chief executive. Coughlin's title appears to be a newly created one, although market players are still trying to piece together details of his responsibilities and the reasons for Boston-based Vinik's broader reorganization.

In 2000, after a stellar year, Vinik returned most of the $4.2 billion he was running and devoted his attention to managing money for his family and a small group of friends. But in the years since, he developed four or five small funds run by

See VINIK on Page 4

JOBS Act Redefines Role of Fund Marketers

The so-called JOBS Act that cleared Congress yesterday promises to make life a lot easier for hedge fund marketers.

That's because the Jumpstart Our Business Startups Act, which is broadly designed to make it easier for private companies to raise capital, includes a provision eliminating age-old restrictions on how private funds are marketed. Specifically, the legislation strikes language in the Securities Act of 1933 prohibiting the "general solicitation or general advertising" of private securities, which would include shares of hedge funds. In other words, fund operators may now be free to market their offerings wherever and whenever they want, depending on how the **SEC** decides to interpret the law.

"It has the potential to be enormous," lawyer **Steven Nadel** of **Seward & Kissel** said of the bill's impact on hedge funds. "Right now, it's only word of mouth — you

See ROLE on Page 7

End of the Road for Himelsein Mandel Vehicle

Investors in a long-troubled life-settlement fund voted last week to liquidate the vehicle's remaining assets and shut it down once and for all.

Limited partners representing a majority of the shares in Himelsein Mandel Offshore approved a plan to hire liquidation specialist **Kinetic Partners** to unwind the Cayman Islands vehicle and return investor capital. It was the latest twist in a financial-crisis saga that underscores the liquidity mismatch between life-settlement investments and the expectations of most hedge fund backers.

The fund operator, **Himelsein Mandel Fund Management,** launched the life-settlement vehicle and a U.S. companion, HM Ruby Fund, in 2006. By mid-2009, the vehicles had about $300 million invested in life-insurance policies.

The strategy began to stumble the following year, however, as the Los Angeles firm struggled to make premium payments to keep the policies current. Among other things, Himelsein Mandel secured a $65 million line of credit from

See ROAD on Page 6

THE GRAPEVINE

John Dyment left his post as global head of prime-brokerage sales at **UBS** on March 27, less than a year after he started. Word has it the separation was mutual. For his part, Dyment wants to pursue other opportunities. He joined UBS last June from **Shumway Capital,** where his title was president. His departure from the Greenwich, Conn., hedge fund shop was prompted by founder **Chris Shumway's** decision in February 2011 to convert the firm into a family office. Dyment's resume also includes prime-brokerage roles at **Deutsche Bank.**

Och-Ziff Capital has lost a portfolio manager. Technology-stock specialist **Todd Dashefsky** left the New York firm last month after several years on board. There's no word on his destination. Och-Ziff runs

See GRAPEVINE on Back Page

Cadian Reaches Capacity at $2 Billion

Eric Bannasch's Cadian Capital will stop accepting fresh capital on April 1.

At that point, Cadian Master Fund will have more than $2 billion under management — including a last-minute pledge of $100 million from **New Jersey Investment Council.** The New York firm has roughly doubled its assets in just the past year, thanks in part to a 2011 gain but mostly due to a surge of inflows.

Late last year, Cadian began letting investors know that its two feeder funds, Cadian Fund and Cadian Offshore Fund, would fully close to new investments once combined assets reached $2 billion. Some share classes already were off limits at that point.

Then, last month, investor-relations head **Lisa Koscielny** wrote to limited partners advising them that the firm had reached the $2 billion milestone but still had "limited capacity" and would remain open to fresh capital until April 1.

As of Feb. 29, Cadian reported having $2.15 billion of assets, but that was before the New Jersey state pension system approved a $100 million investment on March 22.

One market player said the halt in fund raising is probably temporary, and was designed to give Bannasch a chance to take stock of the firm's recent growth spurt. "I honestly just think it's about comfort level," the source said. "Is there anything he hasn't thought about, being at this size? The lessons of rapid growth are pretty obvious."

Founded in 2007, Cadian takes a value-oriented approach to investing in technology, media and telecommunications stocks. The master fund has delivered an 11.95% average annual gain, compared to an annualized loss of 0.78% for the HFRI Equity Hedge Index.

Cadian apparently lost money last year on its investment in **MF Global,** which filed for bankruptcy on Oct 31. On Oct. 25, Cadian reported to the **SEC** that it had doubled its stake in MF Global to 20 million shares, or about 13% of the company's stock, according to **Bloomberg.** Cadian then did an about-face, selling 7.7 million shares in the following days as the stock price plunged. By the time MF filed for bankruptcy, Cadian had reduced its stake to about 6.2%, according to **The Wall Street Journal.**

Bannasch, who previously traded technology, media and telecom stocks at **Perry Capital,** launched Cadian with backing from **Blackstone's** debut hedge fund-seeding vehicle. ❖

Shumway Alum Nears Fund Launch

A portfolio manager who was among the biggest contributors to **Shumway Capital's** success plans to begin trading his own hedge fund in June.

Naveen Choudary has spent much of the past year prepping a global portfolio of technology, media and telecommunications stocks. That was his specialty at Shumway before founder **Chris Shumway** converted his Greenwich, Conn., firm into a family office in February 2011.

Choudary is working from a New York firm called **Eastwind Global Partners** and has begun assembling a staff, including a head trader. He's also hired **Mark Marxer's MMX Management** of Minnetonka, Minn., to handle marketing and some operations functions.

At Shumway, Choudary's book represented one of the largest sector allocations. That's because he ranked among the firm's top-performing portfolio managers, along with **John Thaler** and **Tom Wilcox.** Thaler left in 2007 to launch **JAT Capital.** Wilcox was Shumway's chief investment officer at the time of the firm's conversion last year, and now runs a family office called **Cider Mill Investments.**

Given his pedigree, Choudary is expected to launch with a sizable chunk of outside capital. Indeed, market players see Eastwind Global as having the potential to be the splashiest startup by a Shumway alum since Thaler founded JAT. Choudary apparently wants to start by lining up a handful of anchor investors for a so-called founders' share class.

Eastwind's investment team will combine fundamental stock research with macro analysis. The fund's top 15-20 positions will account for 60-80% of its gross exposure. On the long side, the fund will target growth companies that meet certain criteria, such as strong management teams, increasing market share and/or margins, or stock prices pressured by litigation. Long positions would be held for two years, on average.

Among the firm's first recruits is **Gary Garofalo,** who recently joined as head of trading. He previously spent about a decade trading at **S Squared Technology** — experience critical to the success of Eastwind's strategy. Meanwhile, Choudary has identified two analysts and a controller he plans to hire.

Choudary joined Shumway in 2006 as an analyst, and was promoted to managing director of technology equities in 2009. Previously, he worked as an analyst at **Rhombus Capital.**

Shumway worked under **Julian Robertson** at **Tiger Management** before opening Shumway Capital in 2002. He is among several prominent hedge fund chiefs who have given up managing other people's money in the face of increasing demands from investors and regulators. ❖

BofA Tallies Costs of Form PF Filing

A $5 billion hedge fund firm can expect to spend more than $500,000 on technology, consultants and staffing in order to comply with the new Form PF requirements.

That's among the findings of **Bank of America's** hedge fund consulting unit, which surveyed 14 fund operators about their experiences collating huge amounts of data in preparation for the filing. The results are outlined in a report the bank's Merrill Lynch unit distributed to its hedge fund clients this month.

Form PF requires managers to collect and process some 2,000 data points — much of it from trading partners and other external sources. Regulators are seeking an unprecedented amount of detail about hedge fund investments, leverage and investor composition. "The necessary data to complete Form PF is spread across fund administrators, prime brokers [and] counterparties," not to mention managers' internal systems, the report notes.

This means buying and installing new technology, hiring outside experts and assigning staff to devote long hours to the task. The costs can be substantial, said **Chris Throop,** head of business-consulting services in North and South America for BofA's prime-brokerage unit. Fund operations with less than $1.5 billion of assets can figure on spending anywhere from $25,000 to $125,000, depending on the exact size and complexity of their businesses.

For larger firms, with $1.5 billion to $5 billion under management, the compliance tab is in the range of $125,000 to $500,000. That's partly because managers with $1.5 billion or more of assets are required to file quarterly, while smaller firms can file annually.

And the biggest operators — those with more than $5 billion of assets — can expect to spend at least $500,000 to make their data systems Form PF-compliant and maintain them over time.

Meanwhile, the filing process can be disruptive to other aspects of a manager's business. Even smaller fund operations are having to devote one or two months to the job, while larger firms typically are spending 5-6 months on Form PF. Some of the biggest operators have assigned upwards of 20 staffers to comb through hundreds of pages of records in preparation for the filing.

It's no wonder the report brands Form PF "the most significant regulatory requirement imposed to date on private fund advisors."

The main purpose of the BofA report is to introduce managers to fund administrators, accounting firms, technology specialists and other consultants they can turn to for help. The report details the products and services offered by 16 different service providers.

Form PF, a creation of the Dodd-Frank Act, is designed to allow regulators to get a better handle on the risks private funds pose to financial markets. The largest fund operators — those with more than $5 billion of assets — have to make their first filing before the end of August. Firms with $1.5 billion to $5 billion under management face a deadline of Feb. 28, 2013. Smaller firms have until April 30, 2013, to make their initial filing. ❖

UK Power Concern Commits to Funds

The pension plan for power and gas giant **E.ON UK** has made its first hedge fund investments, signaling a new willingness to take on financial-market exposure.

In recent weeks, the £3 billion ($4.8 billion) pension fund agreed to place money with an unknown number of single-manager hedge funds. It couldn't be learned how much money E.ON UK Group of the Electricity Supply Pension Scheme moved into the funds. The investments were made mostly with well-established operators that employ strategies including global macro, debt and long/short equity.

E.ON has been thinking about becoming a more aggressive investor since eliminating a pension fund deficit that stood at £728 million in 2005. In 2010, it hired London investment consultant **Cardano** to help it adopt a more dynamic and flexible investment approach.

The pension plan doesn't have a fixed allocation for hedge funds or any other asset class. Nor does it have a clear investment strategy, deploying capital based on performance and global economic conditions.

E.ON UK is a subsidiary of Germany-based E.ON, a leading power and gas company with about 88,000 employees in more than 30 countries. ❖

Startup Pitching Quant Stock Fund

Tesseract Asset Management will soon begin marketing a quantitative-equity vehicle based on the founder's "100-year market theory."

The Orlando firm is headed by **Kevin Tuttle,** who previously ran a long-only statistical-arbitrage portfolio at his **Tuttle Asset Management.** Tuttle sold his interest in that firm late last year in order to focus on a long/short vehicle dubbed Systematic Probability Equity Capitalization Fund.

In January, Tuttle set up Tesseract with five partners, including marketing chief **Josh Asher** and operations director **Terris Anne Packer.** The firm plans to market the so-called SPEC fund initially to investors in the U.S., then expand the campaign to Europe in the coming months. For now, the Tesseract fund is running about $1.5 million of partner money.

The vehicle employs proprietary software Tuttle developed at his previous firm. Tesseract's marketing materials claim the program selects stocks based on 100 years of market data. Tuttle used the system at Orlando-based Tuttle Asset Management to run a long-only portfolio that generated a 95% cumulative net return from 2001 to 2011.

At Tesseract, Tuttle is taking essentially the same approach to managing a long/short book of stocks. Since he began trading the SPEC fund with his own money in May 2011, it has outperformed the S&P 500 Index by 2.2% and delivered a net return of 2.4%, based on unaudited results.

Tesseract's other founding partners are chief financial officer **Tony Frezza,** capital services chief **Bob Salveson** and portfolio manager **Jason Campbell.** ❖

Magnetar Experiences Growth Spurt

Magnetar Capital's assets jumped nearly 7% during the first three months of 2012.

The inflows amounted to more than $550 million, bringing Magnetar's total assets to an estimated $8.6 billion. That outpaces both the rate of growth experienced by the Evanston, Ill., firm in 2011 and the average increase seen by other hedge fund managers this year.

Some $200 million of Magnetar's added capital came via two vehicles. A mortgage-bond vehicle, Magnetar Mortgage Securities Fund, started trading this month with $100 million from a couple of backers and closed to new investments soon after. Magnetar also received a roughly $100 million energy-related investment from **Utah State Retirement** in January.

The launch of Magnetar Mortgage Securities came amid rising investor interest in structured-product funds. The demand in part reflects the idea that as interest rates stop falling, cash-flows will become more predictable because fewer homeowners will refinance their securitized mortgages. Magnetar principal **Michael Henriques** manages the Cayman Islands-based vehicle, reporting to fixed-income investment chief **David Snyderman.**

The $19 billion Utah pension's contribution likely involved a vehicle called MTP Energy Infrastructure Finance that was running $420 million in February. That entity launched in September 2008 with a focus on lending money to U.S. energy companies that need to replace infrastructure or add new facilities. It's run by portfolio manager **Eric Scheyer,** who answers to **Alec Litowitz.**

Litowitz, formerly a **Citadel** portfolio manager, launched Magnetar in 2005 with $1.7 billion from investors. The firm employs a range of investment strategies. ❖

Vinik ... From Page 1

separate portfolio managers, while also overseeing his own vehicle. Now, the plan is for the managers to combine forces, with Vinik adding a global-macro overlay. "It's a very positive thing happening there," a source said. "They're trying to beef up the infrastructure on the operations side of the equation as well," he added, explaining the hiring of Coughlin.

Vinik's portfolio managers include top lieutenant **Michael Gordon,** who remains head of investments in growth-company stocks. **David Iben,** who joins in June from a **Nuveen Investments** affiliate, will mine for value plays.

Vinik, whose firm is something of a quiet elephant in the hedge fund business, told investors about Coughlin's hiring in a March 12 letter. Coughlin founded New York based Oakpoint in March 2009 with former **Morgan Stanley** colleagues **Peige Katz** and **Martin Tell.**

Coughlin had arrived at Morgan Stanley in 1989 as a member of the equity-controllers group. In that role, he moved between New York, Tokyo, Singapore and Hong Kong — where he arrived in 1999 to run sales-trading efforts and later assumed responsibility for distribution of Asia stocks worldwide. He then returned to New York in 2004 as a member of the bank's prime-brokerage executive committee. In his final three years at the bank, he was global head of sales for the group. ❖

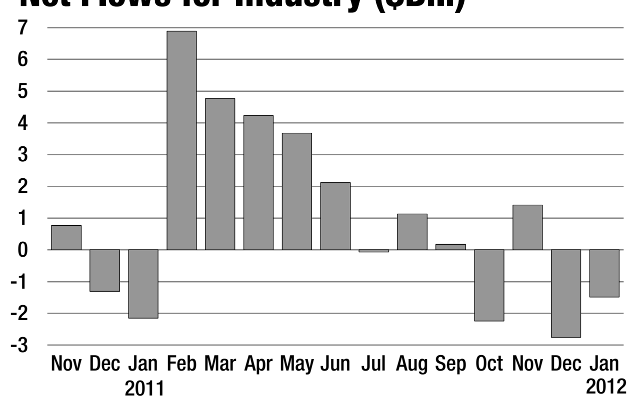
Correction

A March 21 article, "Waterstone Singles Out Debt Book," misstated the location of **Waterstone Capital's** headquarters. It is in Plymouth, Minn. ❖

Inflows/Outflows by Strategy

Hedge funds	Jan. ($Mil.)
Asia/Pacific long/short equity	-$95.5
Bear market equity	-0.1
China long/short equity	-2.7
Convertible arbitrage	112.3
Currency	-109.0
Debt arbitrage	-175.5
Distressed securities	10.7
Diversified arbitrage	787.7
Emerging markets long/short equity	-223.0
Equity market neutral	-34.5
Europe long/short equity	7.1
Event driven	-374.8
Global long/short equity	-873.6
Global macro	-803.1
Long/short debt	-162.9
Merger arbitrage	-24.3
Multistrategy	-19.6
Systematic futures	582.1
U.S. long/short equity	-155.4
U.S. small cap long/short equity	6.3
Volatility	61.0
TOTAL	**-1,486.8**

Net Flows for Industry ($Bil.)



Source: Morningstar Direct Fund Flows

Macro Offering Making the Rounds

Row Asset Management is marketing a series of global-macro vehicles that focus on futures and currencies.

The outfit launched its capital-raising campaign this week in New York, including an appearance at **Global Capital Acquisition's** "Battle of the Quants" conference on March 27-28. It's making the offering available via separate accounts and a commingled fund, each operating under the name Row Diversified Program.

Along with typical hedge fund backers, the Newport Beach, Calif., firm is open to discussions with suppliers of acceleration or seed capital that can help extend its marketing reach.

To lead its capital-raising efforts, Row hired marketing and product-development specialist **Timothy O'Grady** two weeks ago. O'Grady most recently worked as a managing director at **FX Concepts,** the previous employer of Row's three other leading executives. They include founder **Ryan O'Grady** — Timothy O'Grady's son.

In part, Row Diversified mimics the portfolio of Row's only other vehicle, an entity known as Row Currency Fund that bets on currencies from 32 developed and emerging-market nations. It also trades futures and options tied to a range of instruments, including agricultural commodities, energy and interest rates. While both programs employ a quantitative approach, they don't engage in high-frequency trades and instead hold positions from one week to one month.

Row began developing the strategy for Row Diversified in July 2010, but only started trading the program on Nov. 1 with $3 million from its partners. It's up 11% since then, with no down months.

Meanwhile, Row has re-launched marketing efforts for Row Currency Fund after a six-month hiatus. That vehicle's performance has been essentially flat since its November 2010 launch, with a 12% gain so far this year partly making up for a 15% drop it suffered in 2011 — a tough year for many currency traders.

At FX, Ryan O'Grady headed research. Row co-founder **Jeffrey Weiser,** meanwhile, was a portfolio manager. And **Debra Oaks** was a top technology specialist at the New York firm. ❖

Pine River on a Roll With MBS Funds

Two **Pine River Capital** hedge funds, among the biggest targeting mortgage-backed securities, were strong performers in the first two months of this year.

The $2.2 billion Pine River Fixed Income Fund posted a year-to-date return of 8.5% through Feb. 29, while the $720 million Pine River Liquid Mortgage Fund was up 8.7%. During the same period, the HFRI Fixed Income-Asset Backed Index gained 3.4%. Both Pine River funds are managed by **Steve Kuhn,** who joined the Minnetonka, Minn., firm in 2008 from **Goldman Sachs.**

The two vehicles were Pine River's top-performing funds for the first two months of the year, outpacing the $1.2 billion Pine River Fund (up 5.3%) and five smaller vehicles with gains of 1.0-6.2%. Pine River Tail Hedge Fund — a so-called tail-risk offering designed to profit most when markets are cratering — was down 14.7%. The performance figures were first reported by sister publication **Asset-Backed Alert.**

In a March 8 letter to investors, Pine River attributed the strong performance of its fixed-income fund to a book of private-label mortgage securities that represents the fund's single-largest batch of positions. "The non-agency MBS market rallied in February and we continue to see potential further upside, especially relative to corporate credit," the firm wrote. "That said, due to the strong performance . . . we have gradually reduced our exposure to lock in gains."

The letter pointed to several recent developments that combined to fuel the market rally — most importantly, an orderly selloff of mortgage securities held by the **Federal Reserve's** Maiden Lane 2 vehicle.

Pine River Fixed Income Fund has been a stand-out performer from the get-go. Launched in September 2008 — as financial markets were imploding — Kuhn's vehicle delivered a 20.9% return for the final four months of that year, followed by gains of 92.7% in 2009, 31.8% in 2010 and 3.8% in 2011. It is by far the largest of the nine hedge funds managed by Pine River, which has $7.1 billion overall.

The firm was founded in 2002 by **Brian Taylor,** who previously worked as a trader at **EBF & Associates** of Minnetonka. ❖

Bearing to Build on Macro Account

Bearing Asset Management is preparing a global-macro fund based on a separate account it has run since 2004.

The $10 million separate account will become seed capital for the new Bearing Core Fund on April 1, with Bearing aiming to bring in $10 million from another investor later in the month. At that point, the Dallas firm would begin to market the fund to other contacts — with a focus on family offices.

The separate account has returned an average of slightly more than 7%, although the commingled pool would aim for 8-10%. Essentially, it would serve as a more-conservative version of Bearing's main vehicle, the $50 million Bearing Fund.

That macro vehicle has produced an average annual return of 12% since its inception in 2002, but has been volatile. It's down 13% so far this year, despite the recent financial-market rally, coming off gains of 2.2% in 2011, 34.6% in 2010, 0.8% in 2009, 133.9% in 2008 and 70.4% in 2007.

Like Bearing Fund, the new vehicle would employ a value-oriented strategy. It would differ in avoiding commodity futures and short positions on individual securities, although it would deal in "inverse" exchange-traded funds and put options. It wouldn't employ leverage.

Bearing Core Fund would use 5-10% of its capital to buy physical gold, a higher allocation than the flagship vehicle. The separate account has 28-29% of its capital in the metal. The remaining holdings would consist largely of long positions in stocks selected with a contrarian approach based on the merits of the companies and the countries where they operate.

Bearing also is offering lower fees on Bearing Core Fund, taking 0.5% of assets and 10% of profits, compared to Bearing Fund's 0.6% management fee and 12% incentive charge.

The firm manages about $70 million overall. It was formed in 2002 by **Kevin Duffy** and **William Laggner.** ❖

Road ... From Page 1

Fortress Investment to fund the premium obligations until the funds started cashing in on "maturing" policies.

But the policies apparently didn't pay out soon enough. In November 2011, the firm reached an agreement to sell its entire life-settlement portfolio to an unnamed investor, with the understanding that as the policies matured, the investor would split the proceeds with the funds' limited partners. The funds now hold participation notes in those policies, which have a combined face value of $700 million to $1 billion.

Investors in the offshore fund soon ran out of patience, however. According to a March 1 investor letter, a group of limited partners recently moved to petition a Cayman Islands court to force the manager to unwind the fund pursuant to Cayman law. That prompted last week's proxy vote, in which investors were asked to voluntarily liquidate the vehicle. Kinetic has assigned **Mark Longbottom** and **Geoff Varga** to handle the liquidation.

The participation notes held by Himelsein Mandel Offshore could fetch up to $100 million in a secondary-market auction, one source estimated. Even at that valuation, most of the fund's investors would suffer substantial losses on their initial investments.

As of February 2010, Himelsein Mandel Offshore had produced an average annual return of 17.3% — mostly in the form of unrealized gains. At the time, the fund reported having $211 million under management.

The status of the HM Ruby vehicle is unclear, but market players said they expect those investors also will be given an option to liquidate their assets and shutter the fund.

When they launched the vehicles, firm founders **Wayne Himelsein** and **Jason Mandel** told investors they were targeting annual returns of 18-22%. One market player said the firm may have been too aggressive in snapping up life-insurance policies before the financial crisis, then suffered for it when investor capital dried up.

"You needed constant cashflow in order to make the premium payments," he said. "And if you couldn't get people to invest in your funds, you had no more of that cashflow."

It's unclear what remains of Himelsein and Mandel's firm. They're now suing Fortress for seizing $1.4 billion of life-insurance policies that had collateralized the $65 million credit line. ❖

Role ... From Page 1

cannot do any advertisements. What if you drove by the Lincoln Tunnel and you saw a billboard that said 'If you want to invest in a hedge fund, call us'?"

While it's unlikely blue-chip firms such **Bridgewater Associates** and **D.E. Shaw** would resort to such tactics, market players said they wouldn't be surprised if some capital-starved fund operators explore commercial advertising.

The JOBS Act, which enjoyed an unusual degree of bipartisan support, passed the House yesterday by a vote of 380-41. **President Obama** has promised to sign the bill. The SEC would then have 90 days to implement the changes.

For fund-marketing professionals, the immediate impact of the legislation would be to clear up decades of uncertainty about how far they can go in soliciting capital. Since at least the 1980s, the SEC has advised fund managers that they can pitch their products only to investors with whom they have a "pre-existing substantive relationship." How such a relationship is defined, however, has evolved over the years. Currently, many hedge fund marketers are in the practice of waiting at least 30 days from making initial contact with a prospective investor before they start talking about specific offerings.

"It's a very fine line," one marketing professional said. "You're not technically allowed to cold call investors, but you can call and find out what they are interested in."

By removing the ban on "general solicitation," the JOBS Act presumably would negate the requirement for a "pre-existing substantive relationship," market players said. But others suggested the SEC's rule-making process could take unexpected twists and turns. For one thing, although the Securities Act has been in force for nearly 80 years, the SEC has never defined such basic terms as "general solicitation," "general advertising" and "public offering."

"It's about time — it's such a joke," another marketer said of the clarity he hopes the new law will bring.

While hedge fund managers will now be free to market their vehicles more broadly, they'll face the same restrictions on the types of clients they can work with — namely, "accredited" investors, who have at least $1 million of net assets, and deeper-pocketed "qualified" investors. Indeed, a little-noticed provision in the JOBS Act requires managers to take "reasonable steps" to verify that prospective investors are in fact accredited or qualified. Currently, managers generally rely on the word of limited partners.

Given the language of the provision, market players said the SEC will have to adopt a new verification standard, possibly requiring managers to review investor documents such as bank and brokerage-account statements.

The main marketing-related provisions of the bill had the backing of the **Managed Funds Association,** the principal trade group of the U.S. hedge fund industry. In addition to reducing the legal uncertainty of existing regulations, the MFA argued, the changes would promote transparency in accordance with the Dodd-Frank Act.

Current marketing prohibitions "reduce the transparency of hedge funds to policy makers, regulators and the public, and lead to inaccurate information and misperceptions about the industry," the MFA said in a Jan. 6 letter to the SEC. "As a result, the industry is viewed as secretive, creating an unwarranted negative inference by investors and regulators."

The MFA initially lobbied the SEC to loosen the marketing restrictions back in 2000, but to no avail. As late as last fall, when the proposal re-emerged, most market players gave it little chance of passing given the strained relationship between the industry and the Obama Administration. Indeed, some marketing professionals weren't even aware that the proposal survived to be included in the final version of the JOBS Act. ❖

LATEST LAUNCHES

Fund	Portfolio managers, Management company	Strategy	Service providers	Launch	Equity at Launch (Mil.)
Eastwind Global Partners Domicile: U.S. ☛See Page 2	Naveen Choudary Eastwind Global Partners, New York 952-358-3241	Long/short: tech, media and telecom equities	Prime brokers: Goldman Sachs, Barclays, Morgan Stanley Law firm: Seward & Kissel	June 1	
Magnetar Mortgage Securities Fund Domicile: Cayman Islands ☛See Page 4	Michael Henriques Magnetar Capital, Evanston, Ill. 847-869-9236	Debt: mortgage bonds		Mar. 13	$100
Systematic Probability Equity Capitalization Fund Domicile: U.S. ☛See Page 3	David Tuttle Tesseract Asset Management, Orlando 407-514-1229	Quantitative: equity	Prime broker: J.P. Morgan Law firm: Foley & Lardner Auditor: Spicer Jeffries Administrator: International Fund Management	January	

To view all past Latest Launches entries, visit The Subscribers section of HFAlert.com

THE GRAPEVINE

... From Page 1

$29.5 billion, up from $28.8 billion at yearend 2011.

Arlon Opportunities has hired **John Suglia** as chief financial officer and chief operating officer. Suglia started at the New York shop two weeks ago, after holding a top operations job at **Lasair Capital.** He also has worked at **Aeneas Capital, Convergence Asset Management, International Fund Services** and **Moore Capital.** Arlon's funds invest in food-related equities and commodities.

Asia-focused fund-of-funds manager **Sail Advisors** just recruited an analyst to cover equity vehicles from its New York office. **Atsede Aemro-Selassie** signed on with Sail at the beginning of March from **Arden Asset Management,** which she joined by way of the firm's October purchase of prior employer **Robeco-Sage.** At Sail, Aemro-Selassie works under chief investment officer **Harold Yoon** as part of a team that reviews equity managers for a fund the Hong Kong shop began assembling last year. Her arrival followed the February hiring of marketing specialist **Jason Filiberti,** also from Robeco-Sage.

Fairhills Group has added a chief operating officer. **Heather Malloy** joined the White Plains, N.Y., hedge fund operator last month from a similar position at **Kingsland Capital.** Before that, Malloy worked at **Kalan Capital** and **Societe Generale.** But she is best known for spending most of her 19 years in the business as head of operations for all of **Bear Stearns'** in-house hedge funds. Her arrival at Fairhills comes as the family office is transforming into a fund manager.

Soros Fund Management has hired an equity analyst. **Marshall Levine** arrived in the firm's New York office two weeks ago, after six years as a partner at hedge fund manager **Knott Partners** in Syosset, N.Y. Prior to that, he was a portfolio manager at **Cumberland Associates.**

Zurich Alternative Asset Management has re-hired **Rahul Desai** as a senior investment analyst. Desai resumes work in the Zurich Financial subsidiary's New York office on March 29, a year-and-a-half after leaving to join Stamford, Conn., fund-of-funds operator **Alternative Investment Group.** His job involves assessing and monitoring investments for Zurich-run hedge funds. The shop also manages private equity and real estate vehicles.

Marketing specialist **Emily Ernsdorf** left **Golden Tree Asset Management** last week to join **Gracie Asset Management,** a New York firm that runs $2 billion through a family of debt funds. Gracie, a unit of **Moelis & Co.,** was founded in 1999 by **Daniel Nir.** Golden Tree, also of New York, runs $15.5 billion through a range of debt vehicles. It's led by **Steve Tananbaum.**

Pine River Capital hired **David Kelly** this month as chief technology officer. Kelly joined from **Thomson Reuters,** where he helped launch a financial-data network called Thomson Reuters Elektron. Before arriving at Thomson in 2010, he was chief technology officer at **SAC Capital.** He also has held senior technology positions at **Barclays** and **J.P. Morgan.**

HEDGE FUND ALERT www.HFAlert.com

Telephone: 201-659-1700 **Fax:** 201-659-4141 **E-mail:** info@hspnews.com