

Title: Some light reading on Point 72...■

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Created 2021-07-22 06:26:37 UTC

Permalink: /r/TheGloryHodl/comments/op895m/some_light_reading_on_point_72/

Url: /r/Superstonk/comments/o8l53q/point72_aka_sac/

Is_self: False

Linked Post:

Body:

There has been talk lately of how we have been ignoring, or at least not paying enough attention to other players on the short side beside Citadel. I'm a January Ape who has heard of Point72 and Steven Cohen (mostly his tweet mocking us during the trading halts) and decided to look into them/him further. The corruption is.....overwhelming. I've been reading for a few hours now and can tell there is far more digging that needs to be done. Any help would be greatly appreciated and added to this DD.\\

After getting flagged as spam on both superstonk and gme, I've removed all links in hopes that this time my post makes it through. I was never notified that either of my posts were flagged. Other users had to tell me.... I've also changed the title. Fingers crossed.

Who is Steven Cohen

Steven A. Cohen is an American hedge fund manager and owner of the New York Mets of Major League Baseball. Cohen and the New York Mets finalized a deal on September 14, 2020 to become majority owner, owning roughly 97.2% of the team. He is the founder of hedge fund Point72 Asset Management and now-closed S.A.C.

Where did Point72 come from?

Point72 Asset Management, L.P., is an American hedge fund. SAC Capital Advisors was founded in 1992 and converted its investment operations to the Point72 Asset Management family office in 2014. In 2018, the firm reopened to external investors after a two-year ban and began accepting outside capital.

Wait why would they be banned from having external investors? Good question.

* The SAC in SAC Capital stands for the initials of its founder, Steven A. Cohen.

While Cohen has been in the federal government's cross hairs for years, he has not been charged criminally with any wrongdoing. But a number of his lieutenants have pleaded guilty or been convicted of insider trading charges.

* In March 2006, 60 Minutes reported on a lawsuit against SAC filed by Biovail, a Canadian pharmaceutical company which alleged that SAC had manipulated reports on Biovail in order to drive the price of the stock down.

* In July 2006, SAC Capital Advisors was one of three industry participants that were sued by Fairfax Financial Holdings Ltd (FFH) and accused of conspiring to manipulate the company's stock price. FFH alleged SAC Capital and two other hedge funds paid analyst John Gwynn and his employer Morgan Keegan to publish negative reports on FFH and drive its stock price down

* A 2013 article in Yahoo! Finance reported that SAC Capital Advisors had been under investigation by the Securities and Exchange Commission (SEC) for six years.

[23] In November 2010, the SEC conducted raids at the offices of investment companies run by former SAC traders.[24]

Several days later, SAC received what they described as "extraordinarily broad" subpoenas.[4] In February 2011, two former employees were charged with insider trading. In November 2012, federal prosecutors levied charges against additional former SAC Capital traders.[26][27] Portfolio manager Michael Steinberg was arrested in March 2013 and accused of using inside information to make \$1.4 million in profits for SAC Capital.[28] While awaiting a jury verdict, Steinberg fainted, recovered, and was convicted.[29] He was sentenced to three-and-a-half years in prison and ordered to pay a \$2 million fine.[30] After the United States Supreme Court declined to review a United States Court of Appeals for the Second Circuit ruling on two related insider trading convictions, which made it difficult to prosecute insider trading cases, Mr. Steinberg's conviction was dismissed.[31]

* Now called Point72 Asset Management LP, SAC pleaded guilty to fraud and paid \$1.8 billion in U.S. criminal and civil settlements. Cohen was not criminally charged.

WOW! they paid 1.8 billion dollars and admitted guilt, but somehow Cohen just gets a slap on the wrist and a 2 year ban. They found e-mails to Cohen with insider information about Dell. He sold off right before a crash and saved \$1.7 million. What was his defense? He doesn't read most of his e-mails....

Give this a read for more details on the case.

(<https://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steve-n-a-cohen>)(<https://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steven-a-cohen>)

If this is the system running as intended ; it's broke. Anyway, one could make the argument that 1.8 billion is a good enough punishment right? RIGHT?!?

Well lets take a stroll back to 1992 where S.A.C got started. In 1992, Cohen started S.A.C. Capital Advisors with \$10 million of his own money and another \$10 million from outside capital. The company's name 'SAC Capital' derived from Steven A. Cohen's initials.

How does one come up with 10 mil in cash to start a business. Surely only from hard work and saving. /s

In 1978, after graduating from Wharton, Cohen got a Wall Street job as a junior trader in the options arbitrage department at Gruntal & Co. [7] His first day on the job at Gruntal & Co., he made an \$8,000 profit. He would eventually go on to make the company around \$100,000 a day [9] and eventually managed a \$75 million portfolio and six traders. [7] Cohen was running his own trading group at Gruntal & Co. by 1984, and continued running it until he started his own company, SAC. [9]

Ok so I guess he worked really hard and earned it, my bad. Of course it could also be related to this.

Throughout the late 1980s, the Securities and Exchange Commission became suspicious that Cohen had used inside information in December 1985 when he bet that RCA and GE would merge, ahead of the announcement. The SEC called him to testify, but he refused to answer any questions, invoking his right against self-incrimination. Then, the SEC started looking into his other investments from the same period, especially those involving Brett K. Lurie. [

Cohen made roughly 20 million from some very suspicious options calls right before a merge. What luck right? So that's where the money came from to start S.A.C. The whole thing was started from insider trading...

Here is another fun fact..

The company started trading with \$25 million in 1992, grew AUM to \$16 billion, and became the world's highest-returning hedge fund: SAC averaged annual returns of 30% net of fees under a 3% management fee and 50% performance fee from 1992 to 2013.

Seems to me that \$1.8 billion is a small price to pay for that kind of growth...

So we know they are corrupt and we know they have employed the same tactics being used against GME, but how do we know they are involved with GME.

<https://www.reuters.com/article/us-sac-insidertrading-lee-idUSKCN1TM2IU>

This article shows how they bailed out Melvin alongside Citadel and another juicy piece of info.

Melvin founder and CEO Gabriel Plotkin served as one of the top portfolio managers at Point72's predecessor firm, SAC Capital Advisors, before he left to start Melvin.

A few other interesting tidbits...

* Bharara, having amassed dozens of guilty pleas and convictions for insider trading, had come to enjoy the feeling of winning, and was not inclined to file ambitious cases unless he was confident of victory. He had just brought insider-trading charges against two S.A.C. employees: Michael Steinberg, a high-level portfolio manager who was close to Cohen, and Mathew Martoma, a former portfolio manager, who had made enormously profitable trades in two pharmaceutical companies, Elan and Wyeth, before Cohen fired him, in 2010. In both cases, it appeared to Bharara and his colleagues that Cohen had made money trading stocks on the basis of inside information that Steinberg and Martoma provided.

* (Horvath pleaded guilty to insider trading in 2012, but charges against him were dropped before sentencing, in 2015.)

* Steinberg and Martoma had been charged with insider trading, and six others from S.A.C. had pleaded guilty. (U.S. prosecutors withdrew the charges against Steinberg in 2015.)

* The time and energy prosecutors would have to spend trying the case, the years of appeals and arguments, all under close public scrutiny, would be excruciating. If it resulted in failure, the entire narrative of Bharara's tenure would change.

* "They have been an important client to us," Goldman Sachs's president, Gary Cohn, said on television about S.A.C., just days after the U.S. Attorney for the Southern District of New York called the firm a "magnet for market cheaters" and alleged that it had "trafficked in inside information" on a vast scale. Cohn called S.A.C. "a great counterparty."

* Eventually, Cohen hired a former Connecticut U.S. Attorney to be Point72's general counsel and announced plans for a six-person "advisory board,"

* A federal judge in Manhattan on Friday threw out the 2013 insider trading guilty plea of a former trader at SAC Capital Advisors LP, the hedge fund once run by billionaire Steven A. Cohen, saying recent changes in the law meant there were not enough facts to support the plea.

* A passionate art collector, he would spend a hundred million dollars or more on a single work.

* Point72 is widely believed to have been an early investor in Melvin

Knowing that these guys are involved only furthers my resolve that mass fuckery is happening. I'll continue to buy and hold anyway.

edit1-addition from anonymous user: Gabriel had legal issues at SAC When Plotkin was still employed at SAC Capital a scandal broke out. Federal prosecutors alleged that he was the recipient of illegal insider information. This was a serious crime. He was involved as a person of interest in the case that was investigated by the Securities and Exchange Commission. He was called Portfolio Manager B in the scandal. While his coworker was arrested and charged with the crime, Plotkin was not, however, it was alleged that he forwarded multiple emails that contained the illegal information. Kenny G also worked there too that's their relationship.

edit 2- submitted by banks_y: Cohen hates the nickname Stevie so I will refer to him as Stevie from now on.

edit3- Tribune-of-the-plebs points out more dd on point72 here [https://www.reddit.com/r/Superstonk/comments/nbqbrc/the_hedge_fund_cabal_steve_cohen_citadel_and/?utm_source=share&utm_medium=ios_app&utm_name=iossmf](https://www.reddit.com/r/Superstonk/comments/nbqbrc/the_hedge_fund_cabal_steve_cohen_citadel_and/?utm_source=share&utm_medium=ios_app&utm_name=iossmf)

edit 4- a really good write up on Stevie [https://www.reddit.com/r/Superstonk/comments/nb0261/a_dd_into_steven_a_cohen_one_of_the_main_villains/](https://www.reddit.com/r/Superstonk/comments/nb0261/a_dd_into_steven_a_cohen_one_of_the_main_villains/)