

Title: The Art of War

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# 0. TADR

This is the second part of my Know Your Enemies series on Steven A. Cohen, you can find the first post on Gabriel Plotkin

[here](https://www.reddit.com/r/DeepFuckingValue/comments/oird4r/deep\_dive\_into\_gabriel\_plotkin/). For more due diligence and relevant GME-related content, check out [wikAPedia](https://github.com/verymeticulous/wikAPedia#readme) on Github.

# 1. TLDR

Steven A. Cohen is a piece of shit who has been dealing with lawsuits and litigations since his first wife divorced him in 1988. From the time he started his career on Wall Street, every hedge fund that he has worked for or founded has been involved in some type of illegal activity whether it be insider trading or some of time of fraud.

# 2. Overview

Steven A. Cohen, known as "Stevie" on Wall Street, is an American hedge fund manager and founder of Point72 Asset Management, which is currently worth over \$16 billion.[^([1])](https://en.wikipedia.org/wiki/Steve\_Cohen\_(businessman))[^([5])](https://web.archive.org/web/20160806113149/http://www.bloomber.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of)[^([12])](https://en.wikipedia.org/wiki/Point72\_Asset\_Management) Cohen is also the owner of the New York Mets, a major league baseball team which he bought for nearly \$2.5 billion. According to Forbes, Cohen's net worth is estimated to be over \$14 billion.[^([22])](https://www.newsday.com/sports/baseball/mets/steve-cohen-mets-owner-1.50052417)[^([25])](https://www.forbes.com/sites/jemimamcevoy/2020/09/14/billionaire-steve-cohen-signs-agreement-to-buy-the-mets/?sh=3fe045df6b09)

# 3. Education and Early Life

In 1977, Cohen graduated from University of Pennsylvania's Wharton School of Business with a degree in Economics.[^([3])](https://web.archive.org/web/20160806113149/http://www.bloomberg.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of)

Two years later, he married his first wife, Patricia Finke in 1979. Less than a decade later, they separated in 1988.[^([10])](https://web.archive.org/web/20130404070831/http://dealbook.nytimes.com/2013/04/03/quit-by-ex-wife-of-sacs-cohen-revived-on-appeal/)

## Gruntal & Company

In 1978, Cohen's first job on Wall Street was a junior trader for Gruntal & Company, a small brokerage firm based in New York City. In less than 10 years, Cohen was running his own trading group using \$2 million of the firm's money to trade with. At that time, it was 20% of the Gruntal's capital.[^([3])][^([5])](https://web.archive.org/web/20160806113149/http://www.bloomberg.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of)[^([23])](https://en.wikipedia.org/wiki/Gruntal\_%26\_Co.)

In 1996, \*\*Gruntal & Co agreed to pay nearly \$12 million in civil fines and restitution to settle allegations in a decade-long embezzlement scheme of \$14 million involving four senior managers.\*\* However, Cohen was not implicated.[^([3])](https://web.archive.org/web/20160806113149/http://www.bloomberg.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of)[^([4])](https://www.washingtonpost.com/archive/business/1996/04/10/gruntal-to-pay-12-million-in-embezzlement-case/b925b0cb-d61a-4f61-a00a-1d6e9cbd5759/)

## ## RCA

In December of 1985, Cohen spoke on the phone to his brother Donald where Stevie-boy recommended to Donald that he buys shares of RCA, the parent of NBC at the time.

According to a testimony that Donald later gave to the SEC, here's what Steven suggested:

>"I believe there might be a restructuring going on," Cohen told him, according to testimony that Donald gave later to the S.E.C. "These TV stocks were pretty hot," Donald recalled him saying. "If NBC was spun off, it could run up about twenty points."

Five days after Cohen's conversation with his brother, General Electric announced a takeover of the broadcaster, for \$66.50 a share, which sent RCA's stock price shooting up. \*\*Cohen made twenty million dollars on the trade\*\*, according to a lawsuit that Patricia (Cohen's first wife) later filed against him.

Four months later, the SEC subpoenaed Gruntal & Company to launch an investigation of possible insider trading in RCA and wanted Cohen to testify.

In June of 1986, Cohen pleaded the Fifth Amendment at his deposition in the RCA investigation. \*\*He was never charged or sanctioned in the case.\*\*<sup>[9]</sup>(<https://web.archive.org/web/20170314013547/http://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steven-a-cohen>)

## ## Lawsuit with Ex-Wife

In 2013, a federal appeals court revived the lawsuit that Patricia Cohen, Steven's ex-wife, had filed against him. Cohen was 23 when he married Patricia Finke in 1979. They separated in 1988. The original lawsuit filed in 2009 accused her husband of hiding millions of dollars in assets at the time of their divorce in 1990. Steven claimed his assets totaled about \$18 million, but Patricia claimed that he lied about his net worth and hid \$5.5 million in assets related to a real estate investment. She also claimed that his hedge fund, SAC Capital Advisors, was a "racketeering scheme" that engaged in insider trading and other crimes.<sup>[10]</sup>(<https://web.archive.org/web/20130404070831/http://dealbook.nytimes.com/2013/04/03/suit-by-ex-wife-of-sacs-cohen-revived-on-appeal/>)

## # 4. Steven A. Cohen (SAC) Capital Advisors

In 1992, Cohen started SAC Capital Advisors with almost \$25 million according to an executive involved in the negotiations - \$10 million of which was Cohen's own investment, a \$2 million investment from Peter Kellogg and his firm Spear, Leeds, & Kellogg, and an additional \$10 million in outside capital.<sup>[3]</sup>(<https://web.archive.org/web/20160806113149/http://www.bloomberg.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of>)

In 2000, Goldman Sachs would acquire Spear, Leeds, & Kellogg.<sup>[31]</sup>(<http://www.fundinguniverse.com/company-histories/spear-leeds-kellogg-history/>)

According to a former SAC trader, \*\*the firm's credo was "try to get information before anyone else."\*\* SAC's primary focus was a long-short equity strategy, but eventually branched into convertible and statistical arbitrage, quantitative strategies, and big bets on interest rates.<sup>[5]</sup>(<https://web.archive.org/web/20160806113149/http://www.bloomberg.com/news/articles/2003-07-20/the-most-powerful-trader-on-wall-street-youve-never-heard-of>)

\*\*Gabriel Plotkin, Cohen's protégé, started working at SAC in 2006 until November of 2014 where he started his own hedge fund, Melvin Capital. Cohen invested \$200 million in Plotkin's firm.\*\*<sup>[15]</sup>(<https://web.archive.org/web/20190527120628/https://www.nytimes.com/2017/12/25/business/steven-cohen-sac-hedge-funds.html>)

## ## Elan Corp and Wyeth

In 2012, U.S. officials implicated Steven A. Cohen in an alleged insider-trading scheme. Federal prosecutors alleged that Mathew Martoma received confidential information over an 18-month period from a neurology professor, Sidney Gilman, about a trial for an Alzheimer's drug being jointly developed by Elan Corp. and Wyeth (now owned by Pfizer Inc.).

**\*\*Cohen wasn't charged or mentioned by name. He is referred to as "Portfolio Manager A" in an alleged \$276 million insider-trading scheme in a civil complaint filed by the Securities and Exchange Commission.**  
**\*\***<sup>(6)</sup>(<https://web.archive.org/web/20121120185751/http://online.wsj.com/article/SB10001424127887323713104578130930796204500.html>)<sup>(7)</sup>(<https://web.archive.org/web/20121121084201/http://www.bloomberg.com/news/2012-11-20/u-s-charges-mathew-martoma-in-insider-trading-scheme.html>)

Martoma worked as a portfolio manager for CR Intrinsic Investors, a unit of SAC Capital according to the SEC. In mid-July of 2008, Gilman received secret data showing that bapineuzumab failed to halt progression of Alzheimer's in patients in the clinical test, the prosecutors said.

The doctor e-mailed Martoma a 24-page PowerPoint presentation detailing the results, which he was scheduled to present at a medical conference on July 29.<sup>(7)</sup>(<https://web.archive.org/web/20121121084201/http://www.bloomberg.com/news/2012-11-20/u-s-charges-mathew-martoma-in-insider-trading-scheme.html>)

According to the SEC complaint, Portfolio Manager A authorized many of the trades based on Mr. Martoma's alleged inside information, and rejected the advice of other analysts at his firm that conflicted with Mr. Martoma's positions.

In particular, on July 20, 2008, after Mr. Martoma had learned negative information relating to two pharmaceutical stocks in which SAC and its affiliate had big positions, Mr. Martoma said it was "important" that he speak to Portfolio Manager A, and indicated he was no longer "comfortable" with their positions, according to the civil complaint.<sup>(6)</sup>(<https://web.archive.org/web/20121120185751/http://online.wsj.com/article/SB10001424127887323713104578130930796204500.html>)<sup>(7)</sup>(<https://web.archive.org/web/20121121084201/http://www.bloomberg.com/news/2012-11-20/u-s-charges-mathew-martoma-in-insider-trading-scheme.html>)

The next day, Portfolio Manager A's head trader began selling hundreds of millions of dollars of shares in the two companies, and the hedge funds later began executing negative bets against those two companies' stocks, reaping big profits and saving large losses.<sup>(6)</sup>(<https://web.archive.org/web/20121120185751/http://online.wsj.com/article/SB10001424127887323713104578130930796204500.html>)<sup>(7)</sup>(<https://web.archive.org/web/20121121084201/http://www.bloomberg.com/news/2012-11-20/u-s-charges-mathew-martoma-in-insider-trading-scheme.html>)

**\*\*Martoma received a \$9.4 million bonus in 2009\*\*.**<sup>(6)</sup>(<https://web.archive.org/web/20121120185751/http://online.wsj.com/article/SB10001424127887323713104578130930796204500.html>)<sup>(7)</sup>(<https://web.archive.org/web/20121121084201/http://www.bloomberg.com/news/2012-11-20/u-s-charges-mathew-martoma-in-insider-trading-scheme.html>)

On July 25th, 2014, prosecutors outlined three sets of charges against Cohen's company: insider-trading charges, wire-fraud charges, and civil money-laundering charges, which could entail forfeiture of assets tied to the illegal trading.<sup>(9)</sup>(<https://web.archive.org/web/20170314013547/http://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steven-a-cohen>)

Gilman testified in 2014 that he had some 40 consultations with Martoma through his consultancy arrangement with Gerson Lehrman Group. **\*\*He said he'd also consulted with people at many other hedge funds, including Citadel, Caxton Associates, Magnetar Capital and Maverick Capital, and others as well.\*\***<sup>(8)</sup>(<https://web.archive.org/web/20180522042505/https://nypost.com/2014/01/24/gilman-testifies-cohen-was-real-fbi-target/>)

Four months later, on November 4th, 2014, **\*\*the government and SAC had reached a final settlement.** The firm had agreed to pay \$1.8 billion (a fine of \$1.2 billion and \$616 million in fines that SAC had already

committed to pay the S.E.C.).\*\* The settlement would also include a guilty plea by SAC — an admission, in court, that the firm had done what the government was accusing it of.[^(\[9\])](https://web.archive.org/web/20170314013547/http://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steven-a-cohen)

## ## Insider Trading

At least five other former SAC employees have been implicated in insider trading:

1. **Noah Freeman** \- former SAC Capital analyst charged with insider trading. Although, in 2015 Freeman avoided prison through "extraordinary" cooperation after pleading guilty in 2011.[^(\[26\])](https://www.reuters.com/article/usa-insidertrading-sac/ex-sac-manager-avoids-prison-after-cooperating-in-insider-trading-probe-idUSL1N0VE23U20150205)
2. **Donald Longueuil** -\*\* worked for SAC Capital's CR Intrinsic in New York from July 2008 to July 2010, was accused of giving information to Freeman. He was sentenced to 2.5 years in prison in 2011 and was released in December 2013.[^(\[26\])](https://www.reuters.com/article/usa-insidertrading-sac/ex-sac-manager-avoids-prison-after-cooperating-in-insider-trading-probe-idUSL1N0VE23U20150205)
3. **Jon Horvath** \*\*\*-\*\*\* an analyst at SAC Capital who was charged for insider trading. Michael Steinberg was his boss and threatened to fire him if he didn't provide "edgy, proprietary" information.[^(\[27\])](https://www.wsj.com/articles/SB10001424052702303332904579224330650360814)
4. **Michael Steinberg** -\*\*\* a portfolio manager at SAC's Sigma Capital Management unit, has been described by federal prosecutors as an "unindicted co-conspirator" of Horvath, a former analyst he supervised who pleaded guilty to receiving and passing inside information. In 2014, Steinberg was sentenced to 3.5 years in prison for securities fraud and conspiracy charges, but were eventually exonerated in October 2015.[^(\[28\])](https://time.com/103371/sac-capital-hedge-fund-manager-michael-steinberg-sentenced-to-prison/)[^(\[29\])](https://www.businessinsider.com/bharara-drops-charges-against-michael-steinberg-2015-10) In May 2017, Steinberg was looking to raise \$60 million for his venture capital fund, Reciprocal Ventures I.
5. **Jonathan Hollander**\*\*\*, former analyst for SAC's CR Intrinsic division, agreed in April 2011 to settle SEC allegations that he traded on inside information about a pending takeover of the Albertson's LLC grocery chain.[^(\[30\])](https://time.com/103371/sac-capital-hedge-fund-manager-michael-steinberg-sentenced-to-prison/) He is currently the CEO of Chesapeake Advisory Group, an early stage investing and strategic advisory consulting company.

**In 2016, an agreement was reached between the SEC and Cohen to allow him to return to the hedge-fund business in 2018. SAC ceased to exist afterwards.**\*\*\*[^(\[9\])](https://web.archive.org/web/20170314013547/http://www.newyorker.com/magazine/2017/01/16/when-the-feds-went-after-the-hedge-fund-legend-steven-a-cohen)

## # 5. Point72 Asset Management

In April of 2014, Cohen quietly changed the branding of SAC Capital Advisors to Point72 Asset Management.[^(\[11\])](https://web.archive.org/web/20190326044241/https://dealbook.nytimes.com/2014/04/07/sac-capital-meet-point72-asset-management/)

In the wake of the government's criticism of S.A.C.'s compliance program, Point72 enacted a series of reforms to bolster internal compliance hiring:

1. Douglas D. Haynes as President
2. Timothy Shaugnessy as Chief Operating Officer
3. Former federal prosecutor, Vincent Tortorella
4. Former US Attorney for Connecticut, Kevin J O'Connor
5. A specialized surveillance unit composed of ex-CIA, FBI, and SEC Investigators

Additionally, the firm retained Palantir Technologies to provide a new tool for compliance and surveillance.[^(\[12\])](https://en.wikipedia.org/wiki/Point72\_Asset\_Management)

## ## EverPoint

The firm's long/short investment divisions are Point72 Asset Management and EverPoint Asset Management. EverPoint Asset Management headquartered in New York operates a stock trading portfolio.<sup>[14]</sup> (<https://web.archive.org/web/20191206163125/https://dealbook.nytimes.com/2014/03/11/a-new-name-for-sac-capital-point72/>)

## ## Stamford Harbor Capital

In 2016, Cohen registered a new fund, Stamford Harbor Capital where JPMorgan Chase and Morgan Stanley, would handle trades for the new firm.<sup>[13]</sup> (<https://web.archive.org/web/20190527120628/http://www.nytimes.com/2017/12/25/business/steven-cohen-sac-hedge-funds.html>)

## ## Point72 Ventures

In 2016, Steve Cohen established Point72 Ventures, a venture capital fund that makes early-stage investments in Asia, Europe, Central America, and the United States. Point72 Ventures now invests in fintech, machine learning, artificial intelligence, cyber-security and core-enterprise companies.

In April 2018, Point72 Ventures, which invests mostly the billionaire's money in early-stage companies, is starting to evaluate prospects on the continent after putting millions of dollars into startups in the Americas and Europe. \*\*In its latest investment, the venture unit is backing a dark pool called Imperative Execution Inc., which aims to give big investors a sanctuary from high-speed traders.\*\*

Additionally, Acorns Grow Inc., which offers an investing and savings app for people with limited disposable income, is one of the more than two dozen investments that Point72 Ventures has made over the past two years.

Others include HANettf, a London-based firm that helps launch exchange-traded funds, and Extend Enterprises Inc., a New York startup that allows business cardholders to securely share their credit cards with employees and freelancers.<sup>[20]</sup> (<https://web.archive.org/web/20190403023521/https://www.bloomberg.com/news/articles/2018-04-18/steve-cohen-heads-east-to-swing-big-with-venture-investments>)

## ## Cubist Systematic Strategies

Cubist Systematic Strategies is its quantitative investing business. The name was chosen as a reference to cubist art; the New York Times reported that "Cohen is a well-known art collector".<sup>[12]</sup> ([https://en.wikipedia.org/wiki/Point72\\_Asset\\_Management](https://en.wikipedia.org/wiki/Point72_Asset_Management))

## ## GameStop

In January 2021, along with Ken Griffin's Citadel Securities, Point72 contributed \$750 million to a \$2.75 billion emergency bailout of Melvin Capital due to incurred deep losses from shorting GameStop. In the first half of 2021, Cohen's \$19 billion hedge fund firm was reported to have lost \$500 million in its investment in Melvin Capital.<sup>[12]</sup> ([https://en.wikipedia.org/wiki/Point72\\_Asset\\_Management](https://en.wikipedia.org/wiki/Point72_Asset_Management))

## # 6. Closing Thoughts

I can't believe I spent this much time investigating Cohen's life. However, with each article I read, the more rabbit holes I find myself diving deep into. This post is basically just his biography and just scratches the surface. I haven't even gotten into Cohen's financials and other investments. Constantly running from illegal activity is a tough game, don't you think Stevie?

■■ If any information is inaccurate or unclear, please let me know! ■■