

Title: At World's Largest Hedge Fund, Sex, Fear and Video Surveillance (NYT 2016 Article, but worth reading)

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Is\_self: True

Ray Dalio, the billionaire founder of the world's largest hedge fund, Bridgewater Associates, likes to say that one of his firm's core operating principles is "radical transparency" when it comes to airing employee grievances and concerns.

But one employee said in a complaint earlier this year that the hedge fund was like a "cauldron of fear and intimidation."

The employee's complaint with the Connecticut Commission on Human Rights and Opportunities, which has not been previously reported, describes an atmosphere of constant surveillance by video and recordings of all meetings — and the presence of patrolling security guards — that silence employees who do not fit the Bridgewater mold.

Hedge funds tend to be a highly secretive bunch, yet even within their universe Bridgewater stands out. The allegations, as well as interviews with seven former employees or people who have done work for the firm and a filing by the National Labor Relations Board, open a window into the inner workings of a \$154 billion company that, despite its mammoth size, remains obscure. The firm is governed by "Principles" — more than 200 of them — set out in a little white book of Mr. Dalio's musings on life and business that some on Wall Street have likened to a religious text.

Secrecy at Bridgewater is so tight that in some units employees are required to lock up their personal cellphones each morning when they arrive at work.

Ray Dalio discussed radical transparency with Andrew Ross Sorkin of The New York Times in 2014. Credit...CreditVideo by The New York Times

In his complaint, Christopher Tarui, a 34-year-old adviser to large institutional investors in Bridgewater, contends that his male supervisor sexually harassed him for about a year by propositioning him for sex and talking about sex during work trips.

After he complained last fall, Mr. Tarui said, several Bridgewater top managers confronted him and sought to pressure him to rescind his claims. One manager, he said, accused him of lying and said that he was "blowing this whole thing out of proportion." These and other allegations in the complaint could not be independently verified.

Mr. Tarui said he remained silent for many months about the harassment out of fear the incident would not remain private and would impede his chances for promotion at the firm, which is based in Westport, Conn. "The company's culture ensures that I had no one I could trust to keep my experience confidential," he said in the complaint, which was filed in January.

Jointly, Bridgewater and Mr. Tarui asked in March to withdraw the complaint from consideration by the Connecticut human rights commission. No reason was given by either party for the request, which halted the investigation. Bridgewater's employment agreement requires employees to settle disputes through binding arbitration.

In a related action, the National Labor Relations Board recently filed a separate complaint against Bridgewater. The new complaint says that the company "has been interfering with, restraining and coercing" Mr. Tarui and other employees from exercising their rights through confidentiality agreements that all employees are required to sign when they are hired.

Both Mr. Tarui's harassment complaint and the labor board's filings were obtained by The New York Times through Freedom of Information Act requests.

"While it is difficult for our management team to independently judge the merits of this claim, we are confident our handling of this claim is consistent with our stated principles and the law," Bridgewater said in an emailed statement. "We look forward to operating through a legal process that brings the truth to light."

Mr. Tarui's assertions about Bridgewater's surveillance culture and its chilling effect were echoed in interviews with seven people who are former employees or who have done work for the firm. The people were not permitted to speak publicly because of the confidentiality agreements they had signed with Bridgewater.

It is routine for recordings of contentious meetings to be archived and later shown to employees as part of the company's policy of learning from mistakes. Several former employees recalled one video that Bridgewater showed to new employees that was of a confrontation several years ago between top executives including Mr. Dalio and a woman who was a manager at the time, who breaks down crying. The video was intended to give new employees a taste of Bridgewater's culture of openly challenging employees and putting them on the spot.

The firm no longer shows the video, the people said.

These former employees said other behavior had raised concerns within the company. At an off-site retreat in 2012 with several top executives — including Greg Jensen, Bridgewater's co-chief investment officer — employees got drunk and went swimming naked, prompting complaints from some other employees in attendance.

[\*\*Complaint Against Bridgewater\*\*](<https://www.nytimes.com/interactive/2016/07/26/business/dealbook/document-Complaint-Against-Bridgewater.html>)

[The National Labor Relations Board alleges that the hedge fund "has been interfering with, restraining and coercing" employees through its strict confidentiality agreements.](<https://www.nytimes.com/interactive/2016/07/26/business/dealbook/document-Complaint-Against-Bridgewater.html>)

Founded in 1975, Bridgewater manages billions of dollars for some of the biggest pension funds and sovereign wealth funds in the world. Its founder, Mr. Dalio, 66, is a celebrity in his own right — he has been a speaker at exclusive conferences like the World Economic Forum in Davos, Switzerland, and recently attended a White House state dinner.

Steady performance for years has led institutional investors around the world to give Bridgewater money. For a time, James B. Comey, the current director of the Federal Bureau of Investigation, was the company's general counsel, adding to its luster.

But over the last two years, the firm has lost billions of dollars for investors as a result of mixed performances and has begun to [slow its hiring](<http://www.nytimes.com/2016/07/18/business/dealbook/bridgewater-worlds-biggest-hedge-fund-is-said-to-be-slowing-hiring.html%22%20%5Co%20%22>). And questions have arisen about Bridgewater's unusual culture.

Mr. Tarui has been on paid leave from the firm since Jan. 6, two days before he filed his harassment complaint. The labor relations board said in its separate complaint that Mr. Tarui was suspended after he "threatened to file a charge with the board."

Douglas Wigdor, Mr. Tarui's lawyer, declined to comment and said his client would not comment.

Bridgewater, in a legal filing with the labor relations board, said its employment agreements were "tailored specifically to protecting Bridgewater's legitimate business concerns, including confidentiality interests that are unique to the financial services industry."

A Bridgewater employee for five years, Mr. Tarui was responsible for meeting with large public pension funds. He previously worked for Pimco, the bond giant based in Newport Beach, Calif.

In his complaint, Mr. Tarui said that the sexual advances began during a business trip to Denver in May 2014, when his supervisor “caressed the small of my back” while the two men were seated on a couch in the supervisor’s hotel room. Mr. Tarui said the incident made him feel uncomfortable and he immediately left the room.

But the supervisor continued to pursue him, Mr. Tarui said in his complaint. On one occasion, he said, his supervisor confided in him that he had an “itch to scratch,” and then asked Mr. Tarui whether he had ever “thought about being with other men.” Mr. Tarui said he told his supervisor he “was not wired that way.” But his supervisor persisted, Mr. Tarui said, adding that his boss then “specifically asked whether I would consent to having a sexual experience with him.”

Mr. Tarui said he again rejected his supervisor’s advances but his supervisor continued to make overt and subtle sexual overtures well into last summer.

Mr. Tarui said in the complaint that he did not report the conduct out of fear it would become public because of the firm’s policy of videotaping confrontations between employees.

Eventually, Mr. Tarui did complain after his supervisor gave him a bad job performance rating even though he had been promoted and given a pay raise just a few months earlier. He said in the complaint that during a meeting in November 2015, he told a Bridgewater human resources representative and another top manager about the repeated sexual harassment by the supervisor.

As is the case with every meeting at Bridgewater, the meeting was recorded. So was a later meeting with several top executives at Bridgewater including David McCormick, the firm’s president. Mr. Tarui said recordings from those meetings were “widely shared” with managerial employees at Bridgewater.

The firm promised an investigation. But in his complaint Mr. Tarui said that Bridgewater’s management tried to persuade him to withdraw his allegations.

Other Bridgewater employees have complained internally about unusual antics at a corporate outing, saying that it went beyond what was acceptable behavior at a work event.

After the 2012 retreat, which was attended by more than 30 employees, several who had attended complained that they had felt uncomfortable at the excessive drinking and skinny-dipping, three former employees said. The retreat also provoked internal quarreling because several people who attended poked fun at Mr. Dalio during a campfire, these same people said.

An employee who helped arrange the retreat was later fired by Bridgewater, these people said.