

## PEOPLE OXLEY'S NEXT ACT: OUTSIDE SHOOTING: A WARNING FOR HEDGE FUNDS

### OXLEY ACTS

So much for retirement. A little more than two months after leaving Congress, former representative **Michael Oxley** — half of the name on 2002's landmark corporate governance legislation, the Sarbanes-Oxley Act — picked up not one but two jobs. The 63-year-old Ohio Republican was named an "of counsel," or consulting lawyer, for Cleveland-based law firm Baker Hostetler. He also became nonexecutive vice chairman of Nasdaq, where he will work with listed companies' CEOs and board members on public policy issues. Oxley had a long-time friendship with Gordon Macklin, who was president and CEO of Nasdaq from 1971 to 1987 and died in January. One of today's top policy issues,

of course, is the debate over whether Sarbox has made U.S. markets and companies less competitive globally. Oxley dismisses the critics. "The concept of Sarbanes-Oxley has been adopted all over the world," he points out, adding that "some feared it would result in a race to the bottom. But we set a standard that has been emulated."

— Stephen Taub

### IN DISTRESS

In 2005, when **David Barse**, CEO of New York's Third Avenue Management, decided to take a \$250 million position in the distressed bonds of auto-parts maker Collins & Aikman, he anticipated the debt would be turned into equity once the company reorganized, with his investment firm as the largest shareholder.

Instead, Third Avenue lost more than \$100 million when Southfield, Michigan-based Collins & Aikman lost contracts — most notably, a deal with Ford that had accounted for 25 percent of its business. The parts maker is now being sold off piece by piece.

Barse, 44, is not taking the hit lying down. The former bankruptcy lawyer has launched an attack on Collins & Aikman's advisers, including restructuring firm Kroll Zolfo Cooper, and the multitude of bankruptcy lawyers hired in the case. Third Avenue filed a motion last month asking the Detroit judge overseeing the case to appoint an examiner to review how \$100 million in fees, including the \$32 million paid to Kroll, was spent. Barse's hope is to claw back

some of his losses. "This case is the prototype of abuse," he says. Kroll declined comment.

— Pierre Paulden

### BUYING GIULIANI

In terms of headlines for dollars, few deals by Australia's Macquarie Bank could have been as rewarding as last month's purchase of Giuliani Capital Advisors, a boutique investment bank and restructuring specialist founded by **Rudy Giuliani**. The former New York City mayor sold the business in the buildup to his U.S. presidential campaign.

But Murray Bleach, 47, head of Macquarie's North American investment banking arm, insists publicity was not a motivating factor for pursuing the deal. "I'm doing it to enhance our business," he

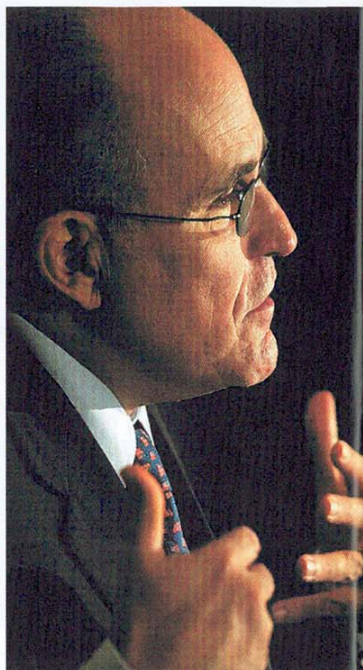
says. The purchase price was undisclosed but estimated at \$60 million to \$100 million.

Advising on distressed-company situations is a new area for Macquarie. "We are not turnaround experts, but that is a competency we would like to be good at," says Bleach.

— Giles Parkinson

### SLAMMED, DUNRED

Who's got the better game, private equity or hedge funds? To find out, a collection of all-star buyout pros took on a team of hedge fund managers for a basketball game in New York last month. Ostensibly, the teams were raising funds for national charity Youth I.N.C. But Marc Lasry, founder of Avenue Capital and captain of the hedges, says, "Our aim was just to make the other



Clockwise from bottom left: Third Avenue's David Barse; Sarbox's Michael Oxley, presidential candidate Rudy Giuliani; hedge fund and private equity managers playing for pride, and charity, in New York; brokerage CEO Chris Gardner; author Richard Bookstaber; the DME's Gary King



He now believes that hedge funds must cut back on leverage and complex investment strategies to prevent a market collapse. Whether or not managers agree, they will appreciate his take on recent events in the hedge fund industry. An exclusive excerpt in this month's *Alpha*, *Institutional Investor's* sister publication, tells how hedge fund titans George Soros and Julian Robertson Jr. fell victim to the Internet bubble for very different reasons.

— Imogen Rose-Smith

### MORE HAPPYNESS

"Can you imagine the pressure of being in high school when all your friends know you're homeless?" says **Chris Gardner**, CEO of Chicago-based broker Gardner Rich, whose life story inspired the 2006 movie *The Pursuit of Happiness*. Gardner, 53, recently spent time in Tennessee with a group of homeless teens who had seen the film and wanted to meet the man whose story it told. In the 1980s, Gardner spent several months living on the streets of San Francisco with his son, a toddler. But he managed to put himself through a brokerage training program at Dean Witter, now part of Morgan Stanley, eventually landing a job there. In an essay about the film, says Gardner, one student wrote, "If Chris Gardner can do it, so can I."

Now using his Hollywood fame to push for affordable housing and raise awareness about the working homeless, Gardner will be honored at a May 8 benefit dinner in New York for the Securities Industry and Financial Markets Association's charitable foundations (see www.sifma.net).

— Lila MacLellan

team cry." Although Lasry, 47, threw a couple of elbows during the game, he was unable to prevent a crushing 30-17 loss. "We're smarter, stronger, faster and quicker on the court — and in the office," says Rob Berner, 45, a partner at CVC Capital Partners, who played for the private equity side. The fundraiser, which included a 24-team round-robin tournament won by CRUSH, raised \$700,000 to fund after-school programs and buy court time for New York City schools lacking gym facilities.

### RING OF CRUDE

When **Gary King** first came to Dubai, as an oil exploration engineer for Schlumberger in 1983, the emirate was a small desert outpost without a hint of its current grandeur. "I got

around in a helicopter and a four-wheel drive," the University of London-educated geologist recalls. Today, King, 48, chief executive of the Dubai Mercantile Exchange — a joint venture with the New York Mercantile Exchange — is hoping to shake up the world oil market by launching the first futures contract on sour crude oil. Such crudes, principally from the Middle East, are gaining a dominant share of the oil market. The region's importance was underscored by last month's news — just weeks before the DME's contract is scheduled to begin trading, on May 1 — that Halliburton's headquarters and CEO will move to Dubai. As King says, "The timing for this contract could not be better."

— Tom Buerkle

OXLEY: DANIEL ACKROY/REUTERS; BARSE: EVAN VAPORA/GIULIANI: ANDREA MOHENTHE NEW YORK TIMES/REUTERS

BASKETBALL: IMAGENET/PHOTO.COM; GARDNER: KRISTIA KENNEL/CORBIS; BOOKSTABER: GREG MILLER; KING: GUY SENG CHONG/REUTERS