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IN THE ROUGH WITH SAC CAPITAL

As the hedge fund's resident golf pro, Sam Evans plays the finest U.S. courses with the super rich. Does that give SAC a trading edge?

BY MATTHEW GOLDSTEIN
NEW YORK, NOV 18

Sam Evans may not have the most powerful or lucrative position in the hedge fund world. But his job at SAC Capital Advisors is one a lot of people, and not just financial industry types, would die for.

Unlike his co-workers, the hundreds of

traders and analysts who work at Steven Cohen's \$12 billion hedge fund, Evans does not stare at computer screens, map out stock charts or work the phones for information on the markets all day.

Rather, he spends much of his time negotiating the greens -- quite literally. Evans, 49, who joined Cohen's Stamford, Connecticut-based firm in August 2009

after more than 20 years as an institutional stock broker, is SAC Capital's unofficial golf pro.

Evans job isn't so much helping SAC Capital portfolio managers and others at the fund with their strokes, as it is helping them gain a better understanding of some of the companies Cohen's hedge fund puts money into.

As part of the hedge fund's business development group, he sets up dozens of golf outings for SAC Capital traders and analysts over the course of a year. Guests at these small gatherings are varied, say investment bank sources familiar with Evans' job description. Invitees might be wealthy individuals from whom Cohen is trying to raise money. Or they might be corporate executives with companies about which the hedge fund is trying to learn more. A handful of SAC Capital employees and Wall Street analysts may also tag along from time to time.

An amateur golfer with a respectable 7-stroke handicap, Evans has found a unique way to marry his golf skills with the big rolodex of corporate executives he struck up friendships with during his time at Donaldson Lufkin Jenrette and more recently Deutsche Bank. A member of more than a half dozen prestigious East Coast golf clubs, Evans has played with an elite group over the years, including former President Bill Clinton.

Now there is nothing unusual about brokers, traders and business executives spending a lot of their free time teeing off on the links. Many a corporate merger has been agreed to in principle on the back nine.

And Wall Street investment firms are famous for sponsoring charity golf outings that are widely attended by hedge fund traders, mutual fund managers and corporate executives. Investment firms and mutual funds often arrange similar "corporate access" events -- typically conferences and dinners -- where money managers and analysts are invited to meet and schmooze with business leaders.

Yet, the ability of a big hedge fund to get several hours alone with a corporate executive on a golf course reveals the great information disparity that exists between ordinary investors and the savviest of traders. "To some extent, the notion of a level playing field and a truly public market is a myth," said Donald Langevoort, a Georgetown University Law Center professor.

SOMEBODY'S GOT TO DO IT

WHAT'S CLEAR IS THAT there aren't many on Wall Street, much less at a hedge fund, like Evans, who gets paid to play golf three or four times a week with corporate executives and other rich people at historic courses like Merion Golf Club in suburban Philadelphia or Shinnecock Hills Golf Club on Long Island.

In fact, one person who knows Evans and has golfed with him calls him something of a "pioneer" in the \$1.7 trillion hedge fund industry. Others, upon learning of Evans

"WHILE THIS JOB SOUNDS UNIQUE, IT IS MY UNDERSTANDING THERE A LOT OF PEOPLE WITH JOBS AT HEDGE FUNDS WHO ARE THERE TO HELP FACILITATE INFORMATION FLOW."

and his unusual post, expressed a sentiment similar to the one stated by the manager of another hedge fund: "How do I get a job like that?"

Evans, a 1987 Harvard Business School graduate who was named one of Wall Street's top institutional equity salesmen in a Reuters survey in 2000, declined to comment through an SAC Capital spokesman. Like his boss, Cohen, he appears to guard his privacy vigorously -- a fairly intensive Internet search for a picture of him on the links came up empty. Jonathan Gasthalter, SAC's spokesman, also declined to discuss Cohen's decision to hire Evans and his unusual corporate role.

To some degree, Evans may owe his job to the new reality hedge fund managers find themselves in following the worst financial crisis in decades. Today, even the industry's most successful managers must work harder than ever to woo new

investors and keep current ones from bolting.

But beyond the need to raise capital, Evans' time spent on the greens also sheds a light on the many often subtle ways that hedge funds use to get access to corporate executives and a potential edge over their competitors.

"While this job sounds unique, it is my understanding there are a lot of people with jobs at hedge funds who are there to help facilitate information flow," said Jill Fisch, a University of Pennsylvania Law School professor, who specializes in corporate governance issues. "The whole goal at a hedge fund is to have an information edge."

PAR FOR THE COURSE

SECURITIES EXPERTS SAID there's nothing inherently wrong with a hedge fund organizing small golf outings for its traders and analysts to meet with corporate executives in order to get to know a company or an industry better. That is the kind of fundamental research and basic information gathering that often separates one hedge fund from the other.

But securities lawyers said there is always a concern that in a casual setting like playing three hours of golf, a company executive may blurt out some confidential corporate information and the hedge fund later trades on it.

"The potential issues are fairly obvious because these are events where there is unlikely to be strong compliance control," said Langevoort, the Georgetown professor.



SCORE CARD: At Merion golfers keep score on cards emblazoned with the club's logo. REUTERS/BRENDAN MCDERMID



"THEY ARE NETWORKING AND SHARING INFORMATION. IT DOESN'T MEAN THEY ARE DOING ANYTHING WRONG."

REUTERS/CARLOS BARRIA

"Everybody knows in their head what the rules are. But when you go out in one of these settings it is easy to slip."

A securities lawyer in New York, who did not want to be identified because he and his law firm do a lot of regulatory defense work for Wall Street investment firms, said concern about the leaking of confidential information is always greatest when traders and executives gather in more intimate settings as opposed to some well-attended public event like a football or baseball game.

In the wake of the Oct. 16 2009 arrest of Galleon Group co-founder Raj Rajaratnam and nearly two-dozen others on insider trading charges, federal authorities have said stamping out the misuse of secret corporate information by hedge funds is a major priority. Authorities are particularly focused on the ways hedge funds gather information to get a so-called trading edge.

The Galleon investigation also has caused headaches for Cohen because several people charged in the case had once worked at SAC Capital. But so far no one has been charged with wrongful trading while working at Cohen's fund.

CHIP SHOTS

TO BE SURE, THERE'S NO indication that the golf excursions arranged by Evans have raised any concerns with regulators or federal authorities. People familiar with them said Evans' main task is to set up golf dates with corporate executives to help cement better relationships, not unearth confidential corporate information.

In fact, SAC Capital takes steps to make sure that even if some executive let his lips flap a bit too much while waiting to hit a



THE BOSS: SAC Capital Advisors founder Steven A. Cohen poses at an event organised by the non-profit organisation Mercy Corps Action Center to End World Hunger, in New York, December 10, 2009. REUTERS/REUTERS/JENNY BOYLE -VIA PRNEWSFOTO/PEPPE COMMUNICATIONS

putt, the fund doesn't trade on anything that is said. A former SAC Capital employee familiar with the golf outings said shares of companies whose executives attend a golf outing that Evans has either arranged or co-sponsored are put on a "restricted list" -- meaning the stock can't be traded for a set period of time.

In September, for instance, SAC Capital put shares of chemical company DuPont on the restricted list, after Evans and another SAC employee attended a small golf outing with Deutsche chemical analyst David Begleiter and Dupont Chief Financial Officer Nicholas Fanandakis. The outing, which also included a few mutual fund managers, was officially organized by Begleiter.

The small outing was held at Merion Golf Club, often rated as one of the top private courses in the United States, because Evans is a member of the 114-year-old club. He and Begleiter became friendly during the nine years Evans worked for Deutsche.

Officials with Deutsche and DuPont declined to comment. Chandler Withington, Merion's assistant golf professional, said in an email that the club does not disclose "information on any of our members without their consent."

In a regulatory filing, SAC Capital reported owning 65,000 shares of DuPont, a rather meager position for a large hedge fund.

Evans, a former college swimmer and baseball player at American University, did not take up golf until graduate school. Standing approximately 6'4" inches tall, he is said to be ambidextrous, able to throw and write with both hands.

People who know him say Evans has worked hard to hone his golfing skills, even overcoming a case of Guillain-Barre syndrome in 1994 -- an ailment that can cause temporary muscle paralysis. (For more on Evans' game see sidebar)

Several of his friends, who did not want to be identified, said Evans values the relationships he made with wealthy individuals and corporate executives while working on Wall Street. They added that he would not do anything to jeopardize the friendships he has made or his reputation.

Jack Thompson, an avid golfer who is in the business of raising capital for a number of investment funds, said he sees nothing unusual about using golf as a way to get to know a person or a company. "This is no different than the CEO of some company

golfing with customers," said Thompson. "They are networking and sharing information. It doesn't mean they are doing anything wrong."

Some on Wall Street said getting face time with a corporate executive on a golf course is akin to a hedge fund throwing a splashy party at a nightclub or renting a cruise boat to entertain guests -- something many funds are known to do from time to time. Others point out that many hedge funds work with doctors to get insight on medical industry trends and some even hire private investigators to gather dirt on chief executive officers.

For instance, in 2007, William Ackman, the manager of Pershing Square Capital Management, employed an outside consultant to track the corporate plane travel of Ceridian Corp.'s then chairman L. White Matthews. Ackman, in mounting a campaign to push for changes at Ceridian, had charged the company let Matthews misuse the corporate jet by flying seven times in 63 days to his vacation home in Jackson Hole, Wyoming.

SHUSH

STILL, THERE IS SOMETHING about golf, with its leisurely pace and the tendency of players to turn off their phones and Blackberrys for a while, that can encourage normally tight-lipped people to let their hair down. Over the years, it's something securities regulators have noticed as well.

In 2001, for instance, the Securities and Exchange Commission and federal prosecutors charged a San Diego man with making \$137,485 in illegal profits from a confidential tip he got while golfing with the director of a company that was on the verge of



IN THE CLUB: A golfer hits a shot near the clubhouse at the Merion Golf club in Haverford, Pennsylvania, November 17, 2010. REUTERS/TIM SHAFFER

being acquired. Federal authorities charged Douglas Gloff with trading on the inside information after the director of Acuson said the company was "going to go away."

Authorities didn't charge the unnamed director with any wrongdoing after concluding he made a mistake and tried to prevent Gloff from trading on the confidential buyout information. Regulators said the director called Gloff and told him not to buy any Acuson shares "unless you want to go to jail."

Gloff subsequently pleaded guilty to insider trading, forfeited his illicit trading profits and paid a \$137,485 fine to the federal

government.

Still, securities experts say a savvy trader can glean a lot from a long golf game with a company executive even if the talk on the greens has nothing to do with business. They point out that an astute trader can learn a lot from a person's body language and demeanor.

"Sometimes you can watch a person for four hours and get an idea of how things are going at a company," said Georgetown's Langevoort. "You can learn a lot from what he doesn't want to talk about."

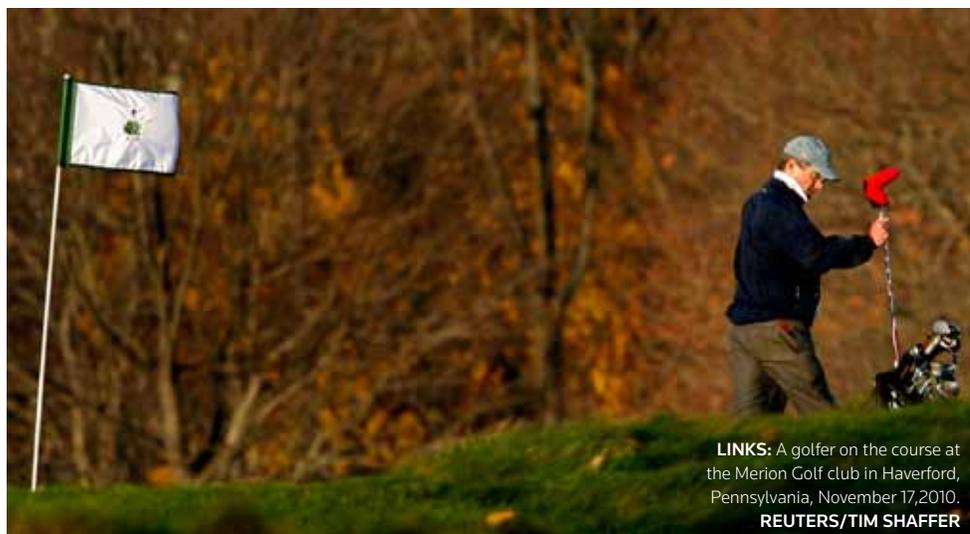
Cohen just might be onto something here with the hiring of Evans. As one of the hedge fund industry's most successful managers for more than two decades, he's had a reputation for making some groundbreaking hires.

SAC Capital was one of the first hedge funds to hire an in-house psychiatrist, Ari Kiev, to talk to stressed traders and analysts. Kiev died last November.

Several years ago, Cohen aggressively started adding compliance people to the payroll to make sure traders at the fund do not cross the line. Other big funds have since followed suit.

So, who knows? Maybe instead of "2 and 20" -- a typical hedge fund's management and performance fees -- "fore!" will become the industry's new mantra.

(Reported by Matthew Goldstein; Editing by Jim Impoco and Claudia Parsons)



LINKS: A golfer on the course at the Merion Golf club in Haverford, Pennsylvania, November 17, 2010. REUTERS/TIM SHAFFER

SAC CAPITAL'S GOLF PRO HAS GOT GAME

BY LIANA B. BAKER
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SAM EVANS IS NO weekend hacker.

As a member of a half-dozen exclusive golf courses, SAC Capital Advisors' unofficial golf pro probably does not have a hard time scheduling his tee times.

And a review of the last 20 scores Evans reported this season to a popular U.S. website used by some 2 million amateur golfers reveals he's a pretty fair player.

The scores submitted by the 49-year-old Evans are consistently in the low 80s -- and that's from playing elite courses like Shinnecock Hills in Long Island and the Merion Golf Club in suburban Pennsylvania.

Joseph Parent, a PGA instructor who has advised the professional golfer Vijay Singh, said Evans' 7-stroke handicap makes him "well better than the average golfer."

Mac Powell, dean of the National University Golf Academy, says what really stands out about Evans, more than his scores, is that he is getting to take swings on some of the most exclusive courses in the mid-Atlantic region. Only a "minuscule" segment of the population play such links.

"If you're a president or CEO, you might have access," said Powell. "Otherwise, the rest of us will not likely ever step foot on any of these, except maybe as spectators to the U.S. Open."

According to scores reported to the U.S. Golf Association's Golf Handicap and Information Network (GHIN) website, Evans' scores at National Golf Links of America on Long Island, a course he frequently plays, ranged from 78 to 84.

But at historic Merion, where Ben Hogan famously won the 1950 U.S. Open after a car accident, Evans had an off-day. In his first round, he shot an 86, his second worst score all summer. That may have spooked him since he hasn't posted a score since at the course, which will host the 2013 U.S.



HOLE IN ONE: The Merion Golf club logo is displayed on a hole flag at the Merion Golf club in Haverford, Pennsylvania, November 17, 2010. **REUTERS/TIM SHAFFER**

Open.

Evans used to have more of his scores posted publicly on the GHIN website, but since October several of his scores have disappeared. Kevin O'Connor, senior director of the handicapping service, said scores can be deleted if a person has left a registered club or if he asked for his scores to be deleted for privacy reasons.

Privacy concerns would fit with Evans' persona. A Google search uncovers just a smattering of news stories, including a 1995 announcement in The New York

Times of his marriage to Anna Brady and another noting that he was named as one of Wall Street's top institutional salesmen by Reuters in 2000.

But David Merkow, assistant golf coach at Marquette University, said the disappearing score is curious "because in the golf community, people try very hard to be open and honest about the scores that they shoot."

(Reported by Liana B. Baker; Editing by Matthew Goldstein and Claudia Parsons)

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