The ADVOCATE

JWM losses result in job cuts

By Mark Ginocchio
Staff Writer
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Struggling Greenwich Hedge Fund JWM Partners LLC, run by ex-Long-Term Capital Management LP chief John Meriwether has terminated nearly 20 percent of its employees and has allowed investors to exit one of its funds, firm officials confirmed this week.

At least 15 JWM employees across all departments were notified of their termination last week, according a spokesman at Rubenstein Associates, a firm that represents the hedge fund.

A number of JWM's strategies have been hit hard with losses since the beginning of the year. The $1 billion Relative Value Opportunity fund is down about 24 percent since January, and the $300 million global macro fund has lost about 14 percent this year, according to published reports.

In order to get "better knowledge of its investors intentions," JWM has accelerated the redemption rights of its global macro investors so the hedge fund could begin trading again, the Rubenstein spokesman said.

Typically, hedge fund managers will lock up investors' money for long periods before allowing them to redeem.

JWM's five-year-old global macro fund makes bets on currencies, stocks and bonds.

Meriwether, who founded JWM, ran $4 billion Greenwich fund Long-Term Capital before it collapsed in 1998 after Russia defaulted and investors turned to the safety of U.S. treasuries, driving down the value of the fund's bets.

Despite being associated with a manager that has now struggled with two different hedge funds, financial service recruiters said the laid-off JWM employees will likely get picked up.

"People do make mistakes," said Sandy Gross, head of Pinetum Partners, a Greenwich executive recruitment firm in high-end financial services. "If you look at his (Meriwether's) history, there are great years of performance. A lot of investors go back to these people because they have history."

Both startup hedge funds and long-established funds that are still making money in the current economic slowdown are looking for new talent, Gross added.