DEALBREAKER
A WALL STREET TABLOID

Bear Stearns: Now It's Personal

There's a singular recreational pleasure we've enjoyed for the last month or so and it should come as no shock to hear that it's discussing the woes of Bear Stearns and two of its hedge funds. Specifically, the two that lost a few billion—shocking, considering that they were run by a movie critic. We've especially been able to kick the Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage fund when it's been down because first, anyone with a name like that deserves to be stuffed in a locker and secondly, because BSHGSCSEF's personal struggles have never really hit home. Until now.

Today we put a name to the face of BSHGSCSEF and its losses and it is not pretty. Today we (via *BusinessWeek*) take the once mildly amusing at best if not extremely humorous pratfalls, face-plants, and phenomenal fuck-ups on the part of BSHGSCSEF and turn them into something we're actually upset about. Us: the people who have no monetary stake in Golfer/Part-time Bear Stearns CEO Jimmy Cayne's catastrophe. Us: the people who get off on stories involving CDOs. Us: the people who like it when the business world fails because we have a post quota. Right now, this second, we're going to name a name that is going to make writing about everything BSHGSCSEF's done and will inevitably continue to do wrong painful. Jeffrey Epstein.

Yes, massage enthusiast Jeffrey Epstein is one of the bigger investors in BSHGSCSEF, because, really, how could he not be. Matthew Goldstein reports that Epstein's Financial Trust Company, his Virgin Islands-based money-management firm is listed in the SEC filing as a "beneficial owner" of the BSHGSCSEF.

> A January filing with the Securities and Exchange Commission describes Epstein's firm as having "the power to vote or dispose of" 10% or more of the equity of the hedge fund, which raised $642 million from investors last summer. But the hedge fund's purchasing power was much bigger, given its ability to borrow billions of dollars from banks such as Barclays (BCS), Goldman Sachs (GS), Deutsche Bank (DB), Citigroup (C), and Bank of America (BAC).

Just how much Epstein lost/won't get back will become clear in the next week or so, unless Bear gets sidetracked. It's all fun and games until a bunch of 14 year-old girls have to take a wage cut, isn't it?

Bear Stearns' Collateral Damage [BusinessWeek]

By Bess Levin | 07.11.07 at 10:46 AM

Posted In: Bear Stearns , Jeffrey Epstein

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Comments

OH NOES!! Business Week is putting DB in the same category as "New York tabloids." Are we all really that pathetic?

Posted by: anon | July 11, 2007 11:19 AM

shocking they dont mention Carney's inspired coverage of WSJ's coverage of options backdating

Posted by: Anonymous | July 11, 2007 11:22 AM

Do you have a comment quota as well?

I second that Carney's backdating crusade should have been mentioned.

Posted by: Texas Energy | July 11, 2007 11:24 AM

BSHGSCSEF is a typo. BSHGSCSELF is the corret spelling.

Posted by: Evan M. O'Dorney | July 11, 2007 12:05 PM

Yeah, you can't forget the L. The L is the most important part, we all know that now

Posted by: james | July 11, 2007 01:29 PM

this is exactly why I never trust my money to golfers, bridge-players, or known pedophiles.

Posted by: MG | July 11, 2007 01:43 PM

"Us: the people who get off on stories involving CDOs."

Posted by: Anonymous | July 11, 2007 02:19 PM

Not even a nod, hat tip or date offer from Bess? No love for the tipsters.

Posted by: Dave Chappelle | July 11, 2007 02:40 PM

DC: You have your e-mail set up so that replying to you sends a message to tips at dealbreaker dot com. Nonetheless, thanks for the tip!

Posted by: BL | July 11, 2007 02:48 PM

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