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Why Hedge Funds Care

Plus
Wounded
Warriors
and Other
Wall Street
Charities

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Why Hedge



Cover
Story



Funds Care

BY GREGORY BRESIGER

From the little acorn of hope grew a mighty oak of a charity. That might be the story of the charity Concept Capital's Rob Davis founded 13 years ago, Hedge Funds Care. The organization has rallied investment professionals to a children's cause and raised \$40 million since its inception.

Here's how it began: Davis, in a previous career as a fourth-grade teacher, had been shocked to see the reaction of the authorities to child-abuse problems.

"It was very distressing back in those days. It was very difficult to get the authorities involved," he said.

The problem is the inherent nature of child abuse. Unlike a childhood disease, which a parent will openly try to help a child fight, Davis said, child abuse is a problem the parent often covers up, and so it might continue for years. It is often a shocking predicament. Years later, successfully established in the securities industry, Davis wanted to do something.

Hedge Funds Care began with modest goals. In 1998, Davis merely wanted to help battered kids and possibly break the cycle of abuse, which can last for generations. He also wanted to prove that the hedge fund industry, then under attack because of the Long Term Capital debacle, was and is populated with many generous people, people who care about more than the bottom line.

"I thought I'd like to see if I could do some good. I thought I'd have a party to raise money for this cause," he said. Then, a remarkable chain of events took place that helped build an organization from nothing. Once Davis announced that he was holding an event, it was almost as though the hand of providence was guiding him to the right people.

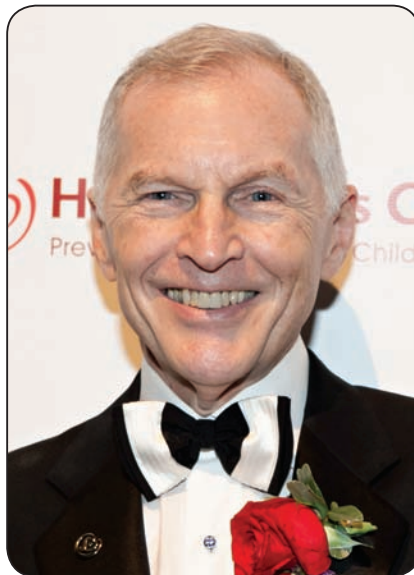
"Someone said they could get me the Hotel Pierre for the event. A friend of mine got me a band for the event. Another just happened to do the printing for the event. It was remarkable," he said.

So was the event.

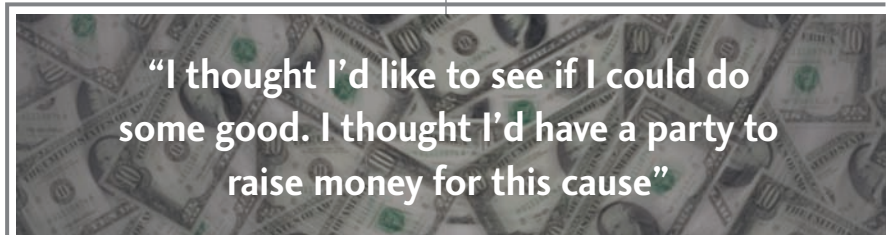
Davis had hoped for 150 people. He got 400. And he started raising a lot more money than he ever could have expected. HFC has generated some \$40 million since that fateful event at the swank Hotel Pierre.

"Several people at the first event said,

'We have to do this again.' They also asked if they could form a chapter in San Francisco or in other places," Davis said.



Rob Davis



Suddenly, Hedge Funds Care had an embarrassment of riches. It would have millions of dollars. The group would certainly have lots of money to fund Davis' dream: helping children who had been hurt.

He wanted to fund lots of good groups that could make a difference. "But how would I know how to do an analysis of

these groups?" Davis asked.

Sure, Davis and his many compassionate friends could find money, but how could they insure it arrived at the right place? He was a trading pro, not a social worker. Then, another felicitous accident happened.

Once again, serendipity intervened. A friend of his, who was in social work, suggested that he try the Columbia University Graduate School of Social Work.

"I asked the school if it would help us vet these groups. They also do fieldwork at the school, and I can say they have done a great job for us," Davis said. He believes Hedge Funds Care's relationship with Columbia University has been one of the critical factors in the group's success.

For instance, Hedge Funds Care's CEO, Dr. Kathryn Conroy, came from the school of social work. She has decades of experience in the field and, like Davis, believes that the problem is insidious.

the number of child-abuse cases is underreported and she believes the figure is about three times that.

Besides the debate over the extent of the problem, even defining the problem can cause confusion.

What is child abuse?

Hedge Funds Care officials say child abuse can be physical or sexual abuse. It can also include “failing to perform an act for a child such as feeding or clothing them; or failing to protect a child from the abuse of neglectful behavior of another child for whom they are responsible.”

Davis’ simple desire to do something about a serious social problem has had profound consequences. Because of good luck or because of the efforts of Davis and others, his group has been successful. There are now 11 chapters of Hedge Funds Care, including one in London.

John Budzyna, chairman of Hedge Funds Care and CEO of Cutting Hedge Consulting, believes developing goodwill at the local level has been a critical factor in the charity’s success.

“The beauty of the formula,” Budzyna said, “is that what’s raised in your town is going to stay in your town.”

Here are a few of the groups receiving grants from Hedge Funds Care:

- The Child Abuse Prevention Program. This volunteer program offers child-abuse and violence prevention programs for children and youth in Nassau and Suffolk counties, on Long Island in New York.

- 180 Turning Lives Around is a Monmouth County, N.J. community nonprofit program dedicated to ending sexual assault and domestic violence. Programs include helping improve parenting skills and educating people about risky parenting behaviors.

- Child Guidance of Southern Connecticut is an outpatient mental health center for children and teenagers. The organization provides mental health services to the physically or sexually abused. It uses either traditional therapy or traumatic-focused cognitive behavioral therapy.

Filling the Veterans Gap

What are the costs of war? What happens to those who come back from war, and what happens to their families? And how about the families of those who die overseas?

Those are the kinds of issues that interest many in the securities industry. So they recently raised a lot of money for veterans and their families in one day in New York by renting the Intrepid Sea, Air and Space Museum. They wanted to show their gratitude for the efforts of all veterans, whose sacrifices make freedom possible, said Omar Itum of Avesta Capital Advisors, one of the co-chairmen of the Wounded Warriors Family Support Initiative.

“I decided to launch this initiative because of my upbringing overseas,” Itum said. “I grew up in a part of the world where people’s lives were dictated by the whims of dictators, and in which the most basic human rights and freedoms—which I believed then and continue to believe are universal—were suppressed to the greatest possible extent.” He added that

it would have been “hypocritical” not to launch this initiative, because veterans have done so much for our nation.



Colonel John Folsom

The event was actually put together on the fly over a period of a few months and it still raised \$1 million, said event spokeswoman Grace Helfrich. “That was absolutely amazing,” she said.

The event, she said, raised so much money because there was so much support from Wall Street, including buy-side firms. Among the brokers involved were Goldman Sachs, Jefferies, Knight, BTIG, BMO Capital Markets, Cantor Fitzgerald, Credit Suisse, Wedbush Securities and Robert W. Baird, just to name a few.

Nevertheless, Helfrich and her colleagues are not satisfied and vow to make the fund-raiser a yearly event.

"Omar wants to take this to the next level. We're going to do it again next year at the Intrepid, and we'll raise much more money," she said.

"Our work has just begun," Itum said.

Where does the money go?

Wounded Warriors Family Support was founded by Marine Corps Col. John Folsom in 2003. He noticed that so many injured veterans from the wars in Afghanistan and Iraq were being jammed into a U.S. military hospital near Stuttgart, Germany. He saw that its facilities were becoming overtaxed.

"They were crowded into the psychiatric ward on cots," he said.

The veterans were receiving "the best medical care" for their physical injuries, Folsom believed. But he also believed that much more could and should be done for them and their loved ones. These brave men and women, along with their families, needed help with morale, Folsom said. They needed help with the difficult job of readjusting after combat time, and they also deserved to enjoy the comforts of home.

"I passed the hat around and decided to buy them a big-screen TV," Folsom said.

After his initial success, Folsom decided to start Wounded Warriors Family Support, an organization that seeks to fill the gaps not filled by the government.

"Our mission," Folsom said, "is to provide support to the families of soldiers who have been wounded, injured or killed during combat operations. The families of our casualties suffer in many ways—some financially, some psychologically."

Itum pledged to honor these vets. "They fight for us, and they fight so that we may enjoy the freedoms that so many others have never known," he said.

One way Col. Folsom's group tries to help families reunite and heal is through its resort condominium in Orlando, Fla. The families stay at the condominium free of charge. It is a place, Folsom said, that provides a stress-free environment.

GOAL Becomes More Important

A program founded in East Harlem by trading industry pros to help kids who are falling behind in school and in danger of dropping out is now vital.

That's because state and city programs, such as music

education and after-school tutoring, are being cut back, says one trading pro.

"It is a difficult time for many urban schools, even in good areas," said Jeff Kaplan, a longtime trader with Deerfield Partners and the co-founder



Jeff Kaplan and Lisa Kelly

of Giving Open Access to Learning (GOAL). Kaplan was joined in his efforts by Lisa Kelly, a veteran trading pro who was also instrumental in founding GOAL. Kaplan and Kelly have done much to keep their organization a key one that helps kids who are struggling in school.

So Kaplan is happy to announce that

GOAL's programs in East Harlem at P.S. 171 will be expanding this year, thanks to the generosity of its donors. About 60 more kids will be able to participate in the school's weekday and weekend programs, raising the number of students in the program to some 175.

"This program is about trying to make a difference; it's about trying to correct some of the inequities and injustices these kids face," Kaplan said. "It's really about helping kids with almost any kind of problem they face." He noted that GOAL offers kids all kinds of support, on everything from health issues to math to the arts.

Today, going to a public school in the city, GOAL officials note, often means not having the ability to enjoy the arts. Many public schools no longer have art courses, Kaplan said, and GOAL aims to fill the gaps.

"Music is the first thing that can get cut," said Bryan Powell, executive director of GOAL and a former music teacher.

Even as Kaplan, Kelly, and Powell work with GOAL to give kids a better chance to succeed, they also believe that even the kids they're helping can give back. Kaplan, who is working on another charity to save people's lives in Uganda by providing purified water, is proud that many of the GOAL kids are now working with him on the project.

"It's quite a thing to see these kids working at a car wash to help on that project," he said. And Powell added, "These kids appreciate that life would be very hard if they didn't have clean water."

Spreading Around the Help

There are many ways to make the world a better place. Some trading firms help by dedicating themselves to one cause or charity. But that's not how Big Board officials do it.

The exchange makes a difference, they believe, by making a substantial contribution to a number of organizations, instead of a million dollars or more to just one.

NYSE Euronext doesn't have the deep pockets of big banks, says CEO Duncan Niederauer, chairman of the NYSE Euronext Foundation. But it wants to help a lot of charitable groups, he notes. So last year, according to the annual foundation report, NYSE Euronext gave \$2.032 million to 43 organizations.

"We find groups in which a \$50,000 contribution will make a big difference," Niederauer said. He also said that, because the foundation is vetting so many different groups, it requires that Euronext/NYSE officials become personally involved.

"It is more spiritually fulfilling than just writing a check," he said. Niederauer has been an angel to numerous charities through the foundation, which helps dozens of charities each year in three areas: children's health, veterans and financial literacy.

"Financial literacy is a natural for us," said Niederauer. Beneficiaries of the grants included the Hispanic Scholarship Fund, BizWorld Foundation, Junior Achievement of New York and the Council for Economic Education.

But a special interest for Niederauer is autism. He has an autistic son, Liam. The child, he said, "has his good days and bad." Last year the foundation gave \$50,000 to Autism Speaks.

Besides his work with Euronext and its charitable foundation, Niederauer—who apparently sleeps very little—is also on the board of Autism Speaks. He is personally involved in helping to raise funds for and build a state-of-the-art facility for autistic children in Scotch Plains, N.J.

"We believe this will be a model school. It will be a school in which children with autism will have access to life skills. It will also be a place where teachers can learn more about working with autistic children," Niederauer said.



Duncan Niederauer

The school, he added, should be ready in the fall of 2013.

Helping American Children Compete

Many Americans fear their children, lacking math and science skills, will have a bleak future. That's because many of the higher-paying jobs are going abroad for a variety of reasons—not the least of which are the poor math, science and computer skills of American young people.

U.S. corporations, explaining why they outsource so many functions, often complain that American students don't have the computer skills they need.

Per Scholas, a charity begun by securities industry professionals in the Bronx, is trying to remedy that. It provides students and young adults with computer skills and their first computers.

"We see ourselves as operating at the point where technology and education meet," said Barbara Chang, executive director of Per Scholas.

Per Scholas retrieves old computers and make them usable. It also offers a range of courses that helps children and young adults learn how to use computers and, in some cases, repair them.

The information revolution, said Greg Tusar, managing director and co-head of Goldman Sachs's electronic trading group, is creating a "haves and have-nots" situation in the United States.

"We want to change that. We want to help put computers in the hand of kids and young adults," he said.

So, some four years ago, he joined Per Scholas. He now serves as a member of the charity's board.

James Covington, a Capital One executive, is another financial professional who believes Per Scholas' mission is vital and who helps teach computer skills.

"I had the opportunity to teach middle-school students from Esperanza Preparation Academy in Harlem some lessons about cyber-bullying and had the opportunity to open a dialogue with students about how to prevent this growing problem," he said.



Greg Tusar

Covington also said that he and his colleagues have conducted numerous financial literacy workshops.

Teeing Off to Help Others

Eighteenth-century economist Adam Smith once said that sometimes people do the most good when they're not setting out to do so.

And Smith, who secretly gave away much of his money to the poor, would likely have been delighted to read the story of a charity growing out of a social gathering that initially had nothing to do with charity.

A group of friends sets out once a year to get in 18 holes early and then head to the racetrack. This "hackers and trackers" formula is what many traders believe is a perfect way to enjoy a late summer day.

But the one-day outing has evolved into something more than golf and ponies: Inadvertently, it developed into a way to raise money for charity, said a surprised Christopher Sandel of TradeKing.

"I'm shocked that people pay money to play golf with me," Sandel joked.

Charity participants pay \$225 per person to tee off at the Colts Neck Golf Club in New Jersey and to go to nearby Monmouth Racetrack in Oceanport. The latter includes lunch and private pari-mutuel windows at the clubhouse pavilion. Sandel found out that the profits from these events could go to people in need.

Sandel's felicitous, unintentional creation, Hackers and Trackers, isn't a formal, incorporated charity. He notes that participants don't get tax breaks from it. Still, they enjoy it. Dozens of people participate each year. The event, which this year will be on Aug. 26, has become very popular, with hundreds and sometimes thousands of dollars raised for charity.

"We've helped people we knew who are going through hard times," Sandel said.

This year's proceeds will go to the Brady Family Support Trust and Sweeney Family Trust.



Christopher Sandel

Big Board Exec Works for Children

NYSE Euronext's Joseph Mecane has the same feeling as many of his colleagues in the trading industry: Mecane, executive vice president, co-head of U.S. cash and listings at the Big Board, is grateful for his successful career.

So that is one reason he has been such a supporter of St. Jude Children's Research Hospital for many years. Eight years ago, before coming to the Big Board, Mecane joined the Wall Street Board of St. Jude's, which raises money for the world-famous Memphis hospital for children.

"Wall Street really supports the hospital because many of us are thankful that our children are healthy," said Mecane, the father of three.

Wall Street raises millions of dollars for the hospital, he noted, but the hospital has a huge budget. St. Jude's needs all the help it can get, he explains, including small contributions. That's because the millions that Wall Street brings in each year only represent a couple of days of the hospital's operating budget.

Mecane proudly notes many desks that have trading days in which commissions are dedicated to the hospital.

"This is simply a way of giving back. It is so important that those of us lucky enough in the business give something back," Mecane said.

Ultimately, he says, the payoff for his efforts comes in seeing the children at the hospital.

"It is wonderful what they do," Mecane said. "They, the staff, create such a positive environment around such a devastating experience."



Joseph Mecane

Swimming Toward a Cure

Cisco Systems' Chris O'Connell is going for a little swim in Long Island Sound this summer. He wants to make waves to help wipe out a dreaded disease. "I've lost a number of family members to cancer," he said.

So on July 30, O'Connell will be part of the Swim Across America

event in Larchmont, N.Y.

"I love swimming and I want to help beat this disease," he adds.

O'Connell, who will swim four miles through Long Island Sound, is senior adviser of business transformation, covering capital markets for Cisco. He will be one of numerous swimmers who hope to raise a bit over \$1 million total this year.

Dozens of Swim Across America events will be held throughout the United States through the end of the summer, said Janel Jorgensen McArdle, president of the organization.

The event, she explains, goes back to the 1980s.

"It was started by a man who had lost his leg," McArdle said. One of the founders of Swim Across America was Jeff Keith, who lost a leg to cancer.

He began Swim Across America with a single open-water event in Nantucket, Mass. Keith, who is still active in various charities, is a former trader with Salomon Smith Barney.

The program has generated some \$35 million since its founding.

The money raised in Larchmont event will go to Swim Across Research Laboratory, Columbia University Medical Center and DeMatteo Research Laboratory at Sloan Kettering Cancer Center, among other places.



Chris O'Connell

Remembering a Terrible Tuesday

As the memory of tragedy fades into the distant past, people often forget. Unfortunately, they often also forget that the families of the victims still need help.

Such is the charge of Tuesday's Children. It is a strongly supported Wall Street charity that has made a long-term commitment to help the families of the victims of September 11.

Out of the ashes of the World Trade Center, the charity was created, said Roger Coleman, managing director of the corporate client group at Morgan Stanley Smith Barney.

"This is all about the victims and their families," Coleman said. He is very active in Tuesday's Children. He takes charity work personally and

says he will never forget those tragic events.

That's because Coleman was called to ground zero on that fateful day as deputy fire chief in Plandome, N.Y. He also doesn't forget because many of his friends and colleagues died at the World Trade Center.

Who else doesn't forget them?

Wall Street firms that hold annual trading days in which some or all of commissions go to fund the charity. These firms include Cantor Fitzgerald, ICAP, Execution LLC, BTIG LLC and BGC Partners.

"These firms and others have been the real friends of Tuesday's Children," said Amy Wright, director of development of the nonprofit charity. Wright notes that the youngest children of the victims of September 11 are now on the verge of becoming teenagers.

These families, she added, still need an array of social and medical services. These services include a mentoring program that helps children of the victims from ages 7 to 18. To date, some 200 children have participated in the program.

"We promise," Wright said, "to support these children into adulthood." Tuesday's Children is launching a "Remember September 11" campaign that will go through the fall.



Roger Coleman

A Trader's Charity Efforts Live On

StockCross Global's Nick DeMaria has a personal and professional connection to the search for a cure for cancer. Both his mother and his professional friend Gerry Mastrianni died of the disease.

"Cancer affects a lot of people. I know we all have a big stake in this," DeMaria said. As the head of equities trading at the Jersey City, N.J. firm, he helps run an annual trading event that turns over all profits from the trading day to organizations that fight the disease.

In the past, the StockCross Global-sponsored event has generally pulled in hundreds of thousands of dollars, which have been given to the Florida Hospital Cancer Institute.

This is the hospital that treated Mastrianni and for which he raised

hundreds of thousands of dollars. Even as Mastrianni was dying, he worked vigorously to help children with cancer. He founded Trading for a Cure some five years before his death. His treatment and a bone marrow transplant put him in contact with children who suffered from cancer. This experience profoundly affected the veteran trader.

"If there were ever two words that shouldn't be in the same sentence, they are 'pediatrics' and 'oncology,'" Mastrianni said in a comment on the Trading for a Cure Web site.

DeMaria knew about the charity when he worked at another firm. DeMaria is a 21-year veteran of the business. He, along with a group of traders, came to StockCross Global after trading for a division of RBC Capital Markets.

He was recruited to take Mastrianni's place on the desk after he died of Hodgkin's disease in November 2008. DeMaria was also ready to take over his friend's charity.

DeMaria praises Mastrianni's heritage as a trader and a humanitarian. DeMaria wants his contribution to be finding a way to improve the charity. He suggests that StockCross Global's annual event could be expanded. He says he would love to see other firms partner with his in making this event much bigger.

Possibly, the event could be held simultaneously at six or 12 firms, he said. Possibly, it could generate a lot more money and also contribute to all kinds of different cancer charities.

DeMaria's ambitious goals to do more and more to help cancer victims would have pleased his friend. Mastrianni said that each year these events that dedicate profits or commissions to charity disprove stereotypes about the trading business.

"Wall Street's image of being coldhearted is really ripped apart on that day," Mastrianni said.



Nick DeMaria

Charity on a Two-Wheeler

Sometimes charity begins with pleasure. Goldman Sachs' Joseph Valenza, a 34-year veteran of the trading industry, decided to reward himself.

After putting his son through college, he gave himself something he hadn't had for many years: a super-deluxe, state-of-the-art motorcycle.

"It's a Harley Ultra. It's the biggest bike around, and it's just great to be out and riding," said Valenza, who had been without a motorcycle since his youth.

The trading pro loved riding with his friends from the business. Then he and his friends figured that what they loved to do could help others: The Out of Options Motorcycle Club was formed in 2006.

Each year, he and his fellow club members have been riding for charity. They ask people to pledge 2 cents per mile for their informal charity. This year, he and others will ride 3,315 miles from the NYSE area to Boston, Cleveland, Chicago, Kansas City, St. Louis, Memphis, Deals Gap, Roanoke and back to New York City over nine days.

The result will be thousands of dollars raised for St. Jude's Children's Hospital and the Brady Family Support Trust, which helps the family of CBOE executive Tom Brady. His family faces huge medical bills owing to several family medical crises.

"Tom is the guy to go to at the CBOE," Valenza said.

"We want the club to help children, and we also want to raise money for people in the trading industry who are going through difficult times," Valenza noted. He said the idea of the event came from a Friends of Raymond James charity event. This year's Out of Options Motorcycle Club event will be held July 15 to 23.



Joseph Valenza



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