

## Partner Henry Bregstein Appears on CNBC Discussing Hedge Funds After Madoff

December 11, 2009

Henry Bregstein, a partner in the firm's Financial Services Practice and Co-Managing Partner of its New York office, appeared on CNBC's *Squawk Box* discussing the state of the hedge fund industry one year after news of the Madoff scam broke. Mr. Bregstein says that some positives came out of the scandal, in that managers that produced alpha have grown stronger while market forces worked by weeding out managers that did poor jobs. In addition, investors are smarter, although start-up funds are not obtaining seeding at the levels they did before. There have also been "tremendous changes" in the due diligence process. "If due diligence was thought of as overhead in the past, now due diligence is really part of the positive investment process," Mr. Bregstein says.

In the interview, Mr. Bregstein explains that the Madoff scandal does not make an argument for the over-regulation of hedge funds. "I don't think that massive regulation is necessary in the hedge fund industry to limit excesses. Madoff was heavily regulated, in fact. And that's something that is underreported to a large degree. Madoff was not a hedge fund; he wasn't a master fund. Madoff was a highly regulated broker-dealer, and certainly the regulators missed not only warning signs, but basic regulatory functions." ("Hedge Fund Hangups Post-Madoff," December 11, 2009)

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### CONTACTS

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