

March 8, 2018

HEDGE PAPERS NO. 66

HEDGE FUNDS ATTACK GENERAL MOTORS
AND AMERICAN JOBS



*This report was developed in
partnership with the American
Federation of Teachers*



Hedge funds have become a destructive force in the American economy by exploiting regulatory loopholes that were meant to prevent the kind of predatory exploitation they've made into a profitable business model. Stock buybacks used to be illegal, and the American economy was stronger and more fair when they were.

CONTENTS

3 | Introduction

- Behind GM's Closures & Job Cuts
- The Four-Year Campaign to Squeeze General Motors

14 | Meet the Billionaires Killing Jobs at General Motors

- David Tepper, Appaloosa Management
- David Einhorn, Greenlight Capital
- J. Kyle Bass, Hayman Capital
- Frank Brosens, Taconic Capital
- Ravenel Boykin Curry IV, Eagle Capital Management

20 | Legislative Solutions

- New laws could outlaw stock buybacks and hedge fund attacks on American jobs
- Pension Fund & University Endowment Investments in Hedge Funds Attacking General Motors

26 | Who Are the Hedge Clippers

27 | Press + General Inquiry Contacts

This report was developed in partnership with the American Federation of Teachers

INTRODUCTION



General Motors recently announced large-scale plant closures and layoffs, with top executives claiming the company needs \$4.5 billion in savings to stay alive. This week the legendary Lordstown manufacturing plant in Ohio will close.

GM has given over five times as much money—\$25 billion—to Wall Street hedge funds and other investors in the past four years, which includes over \$10 billion in controversial stock buybacks.

GM recently authorized even more stock buybacks: it's possible that every single dollar "saved" from

job cuts and plant closures will go straight into the pockets of hedge fund billionaires and Wall Street.

In 2013, GM completed the taxpayer-funded bailout that kept the company alive and saved thousands of American jobs.

Billionaire hedge fund managers have been attacking the company ever since.

Hedge funds aren't interested in American jobs, or in the communities that will be hit by plant closures and job loss.

Hedge funds are only interested in short-term payoffs for hedge funds and their billionaire managers — and they've relied on one-time dividends and share buybacks to get the cash they demand.

Stock buybacks used to be illegal, and the American economy was stronger and more fair when they were.

Hedge funds have become a destructive force in the American economy by exploiting regulatory loopholes that were meant to prevent the kind of predatory exploitation they've made into a profitable business model.

Workers, families, communities and elected officials can do something to fight back against the hedge fund attacks on GM and American jobs.

It's time to make stock buybacks illegal again.

And it's time to close the loopholes and put predatory hedge funds out of business once and for all.

Stock buybacks used to be illegal, and the American economy was stronger and more fair when they were.

<https://www.ohio.com/akron/business/gm-plans-5-billion-stock-buyback-averts-showdown-with-hedge-funds>

Akron Beacon Journal/Ohio.com

GM plans \$5 billion stock buyback, averts showdown with hedge funds

Posted Mar 9, 2015 at 12:28 PM

Tom Krisher

DETROIT: General Motors announced a \$5 billion stock buyback as part of a plan to return more cash to investors. In return, an activist shareholder decided to drop a potentially divisive bid for a seat on the company's board.

The moves, announced Monday, are part of a deal with Harry Wilson, a former member of the government task force that restructured GM coming out of its 2009 bankruptcy.

Wilson, who represents four hedge funds which own about 2 percent of the company, had previously accused GM of hoarding cash to the detriment of shareholders and had sought an \$8 billion buyback and a board seat.

But on Monday he said he was impressed at how quickly GM's management responded, adding that the company agreed to just about everything the funds wanted.

"We basically said thank you," Wilson said.

GM had \$25.2 billion in cash at the end of last year, part of what it called a "fortress balance sheet" designed to withstand another financial crisis. Going forward the automaker plans to maintain a cash balance of \$20 billion and aims to keep its investment-grade credit rating.

The share repurchase will begin immediately and finish before the end of 2016.



BEHIND GENERAL MOTORS PLANT CLOSURES AND JOB CUTS

Just days after Thanksgiving of 2018, General Motors announced that it was closing five facilities, including the Lordstown assembly located just outside Youngstown, Ohio.¹

The announcement of the Lordstown closure was a devastating blow to the Youngstown area. The plant provided over 1,600 jobs and \$250 million in total wages in 2017 alone.²



The Lordstown plant had been in operation since the 1960s, and is one of the major employers in the Mahoning Valley.³

Op-eds writers and talking heads were quick to point fingers at deindustrialization, offshoring, and the commercial failure of compact sedans.

Few pointed out the real culprits: activist hedge funds demanding that companies like GM turnover most of their profits to Wall Street in the form of dividends and stock buybacks.

GM's decision to close Lordstown was the culmination of a four-year campaign by hedge fund managers to squeeze GM for every available dollar.

Hedge fund investors repeatedly mounted pressure campaigns to prevent GM from reinvesting their profits anywhere but back into their own share price. Through paid agents, harassing proxy measures, and public threats, the hedge funds extracted billions in buybacks.

And you don't have to look back very far to see the impetus for GM's decision — just one month earlier, the hedge funds made a big public push for one more payout.

¹ <https://www.ohio.com/news/20181126/gm-announces-closure-of-its-lordstown-assembly-plant>

² <https://www.ohio.com/news/20181126/gm-announces-closure-of-its-lordstown-assembly-plant>

³ <https://www.citylab.com/perspective/2018/11/lordstown-gm-plant-closing-youngstown-ohio-autoworkers-jobs/576775>

GM bought back \$10 billion in stock since 2015, double what job cuts will save

BY IRINA IVANOVA

UPDATED ON: NOVEMBER 27, 2018 / 7:51 PM / MONEYWATCH

The company announced \$5 billion of buybacks in March 2015, then added another \$4 billion later that year. In 2017, it re-upped and announced a further \$5 billion in buybacks, \$1.6 billion of which have so far taken place.

GM's stock price dipped 2 percent over that time period.

"[T]hat money could have been used in different ways, including investment in older plants. But would that be a good way to use the earnings? Mary Barra thought not," said Mary Lovely, a senior fellow at the Peterson Institute for International Economics. "She decided that the money should be taken out of the company and returned to shareholders. It's really quite a statement about where she thinks the traditional auto sector in the U.S. is headed."

Where it's headed seems to be an SUV-only road, as GM will stop producing most sedans after next year, leaving only the Chevrolet Malibu and Sonic. (A GM spokesperson also noted that the company plans to launch two new Cadillac luxury cars.) The company's difficulty creating a profitable small car that can compete with imports represents another missed opportunity, according to William Lazonick, professor of economics at the University of Massachusetts Lowell.

But GM started its stock repurchasing program back in 2015, less than six years after a bankruptcy process that cost U.S. taxpayers \$11 billion. (The United Auto Workers and a number of politicians have pointed to the bailout in a vow to fight GM's planned cuts, though it's unclear politicians can do anything to change them.)

When General Motors announced it was cutting up to 14,000 jobs and idling five automotive plants, it justified the massive cuts by citing long-term savings. The cuts would free up \$6 billion in cash, for a net savings of \$4.5 billion in cash by 2020.

The move will "make General Motors more agile, resilient and profitable" while the economy's still revving, CEO Mary Barra told

GM's decision to close Lordstown was the culmination of a four-year campaign by hedge fund managers to squeeze GM for every available dollar.

THE FOUR-YEAR CAMPAIGN TO SQUEEZE GM

SHORT-TERM PUSH FOR PAYOFFS HURTS GM AND COMMUNITIES

It was October 2018 and the hedge funds were pissed.⁴

General Motors, the automotive giant, had completed its federal bailout just five years prior, repurchasing the remaining shares that the U.S. Government had bought in 2009 under the Troubled Asset Relief Program.⁵

Conservative estimates put the loss to taxpayers from the bailout at \$10.5 billion dollars — more than

the combined annual salary of all librarians in the United States.⁶

Despite just being ten years from their bankruptcy — and the \$51 billion taxpayer-funded bailout that rescued the company — General Motors had stabilized and returned to profitability.

GM had several highly profitable business lines and was holding billions in cash — enough money to weather any future downturn and prevent another expensive government bailout.

But that fiscal prudence is exactly what angered GM's hedge fund investors.

Hedge funds focus on short-term profits that benefit billionaire hedge fund managers, period. Hedge fund attacks hurt the corporations and communities they're targeting, and even many of the pensioners and workers who provide the cash for hedge funds.⁷

Last October, activist hedge funds demanded that General Motors take their cash and carry out yet another buyback of GM's existing stock.



OCTOBER, 2018

*Hedge Funds attack
General Motors...*

4 <https://www.reuters.com/article/us-gm-barra/frustrated-gm-investors-ask-what-more-ceo-barra-can-do-idUSKCN1MT2QM>

5 <https://www.sec.gov/Archives/edgar/data/1467858/000146785812000082/exhibit101ustletteragreeme.htm>

6 <https://www.usatoday.com/story/money/cars/2013/12/09/government-treasury-gm-general-motors-tarp-bailout-exit-sale/3925515/> ; <https://www.bls.gov/ooh/education-training-and-library/librarians.htm>

7 <https://www.yalelawjournal.org/feature/who-bleeds-when-the-wolves-bite-a-flesh-and-blood-perspective-on-hedge-fund-activism-and-our-strange-corporate-governance-system>

https://www.forbes.com/sites/alsin/2017/02/28/shareholders-should-be-required-to-vote-on-stock-buybacks/#26ea9606b1e

Forbes

43,292 views | Feb 28, 2017, 01:40pm

The Ugly Truth Behind Stock Buybacks

 Arne Alsin Contributor

American companies have been spending wildly lately, but that cash isn't being used for R&D or innovation. Rather, it's being spent to buy up gobs of company stock.

In November 2016, Goldman Sachs' chief equity strategist David Kostin [estimated](#) that, in 2017, S&P 500 companies will spend \$780 billion on buybacks—a new record.

That's crazy.

For most of the 20th century, stock buybacks were deemed illegal because they were thought to be a form of stock market manipulation. But since 1982, when they were essentially legalized by the SEC, buybacks have become perhaps the most popular financial engineering tool in the C-Suite tool shed. And it's obvious why Wall Street loves them: Buying back company stock can inflate a company's share price and boost its earnings per share—metrics that often guide lucrative executive bonuses.



This would raise the stock value for existing shareholders, and for the hedge funds agitating for a short-term payoff. But it wouldn't do anything for the long-term viability of GM as an ongoing enterprise.

Stock buybacks hurt companies to benefit billionaires — why are they even legal?

This practice, called a share repurchase or stock buyback, is controversial. And it used to be illegal.

Stock buybacks can be used by hedge fund managers demanding cash in a kind of protection racket.

For economists and long-term investors, stock buybacks are bad moves that divert profits away from innovation and investments in American workers.

But even worse, stock buybacks can be used by hedge fund managers demanding cash in a more of an intimidation scheme than a normal business practice.

If the company doesn't pay the hedge funds the cash, the hedge funds start agitating, threatening to mount costly proxy battles and sometimes waging negative PR campaigns.

If a company like GM channels their profits to stock buybacks, they can fend off the possibility of hostile proposals from hedge funds and other short-term profit seekers.

But only temporarily. The hedge funds always keep coming back for more.

HEDGE FUNDS ATTACKED GM IMMEDIATELY AFTER TAXPAYERS BAILED IT OUT

In 2015, GM spent \$5 billion buying back shares to placate a hedge-fund led campaign for a short-term payoff led by failed New York comptroller candidate Harry J. Wilson.⁸



MARCH, 2015

*Five billion dollar
stock buyback to satisfy
hedge funds*

Wilson, who served on the government taskforce that oversaw GM's restructuring, owned a paltry 30,000 shares in GM when he learned that the company planned to a one-year no buyback break.⁹

Despite his relatively small position in GM, Wilson was the face of a million-dollar hedge-fund-backed campaign to get him elected to the GM board.¹⁰

The hedge funds behind the effort included **Appaloosa Management** (run by David Tepper, the billionaire hedge fund manager who recently purchased the Carolina Panthers), **Taconic Capital**, **Hayman Capital**, and HG Vora Capital.¹¹

To ward off Wilson and his hedge fund backers, GM relented and spent \$5 billion on share buybacks.¹² The \$5 billion buyback was a boon for investors like the hedge fund managers pulling Wilson's strings, but not for GM.

Moody's credit agency declared the buybacks to be a "negative credit development," taking the position that GM executives fretted about only months earlier.¹³

And the \$5 billion that evaporated from GM's books did nothing productive for the company, its workers, consumers or the U.S. economy.

HEDGE FUNDS KEPT DEMANDING CASH FROM GM IN SHORT-TERM PAYOUTS

Two years later, the hedge funds were at it again. This time **David Einhorn**, billionaire hedge fund manager and school privatization cheerleader, had taken a long position in GM's shares and was looking for a way to juice the share price so he could make a short-term profit.

MAY, 2017



*Hedge funds attack
GM again...*

Einhorn, who owned 3.6% of GM's common stock, proposed splitting the company's stock into two classes, with one paying a fixed dividend and the others appreciating with the remainder of the firm's earnings.¹⁴

Einhorn claimed the plan would "unlock value" at GM, but as one of the largest shareholders, Einhorn's **Greenlight Capital** stood to earn handsomely.

8 <https://www.autonews.com/article/20150309/OEM02/150309856/gm-strikes-a-deal-with-harry-wilson>

9 <https://www.forbes.com/sites/nathanvardi/2015/02/12/the-hedge-fund-agent-in-the-boardroom/#1ddacec32d5e>

10 <https://www.forbes.com/sites/nathanvardi/2015/02/12/the-hedge-fund-agent-in-the-boardroom/#1ddacec32d5e> GM wasn't Wilson's first time shilling for a billionaire in a fight with corporate management. Hedge fund billionaire and conductor of extremely thorough online due diligence Dan Loeb has used Wilson for two prior corporate shakedowns.

11 <https://www.forbes.com/sites/nathanvardi/2015/02/10/david-tepper-uses-activist-tactics-to-force-gm-stock-buyback/#18f8bfe841dd>

12 <https://www.autonews.com/article/20150309/OEM02/150309856/gm-strikes-a-deal-with-harry-wilson>

13 <https://www.wsj.com/articles/gm-frets-buyback-would-freeze-credit-rating-1423769167>

14 https://www.sec.gov/Archives/edgar/data/1079114/000090266417002279/p17-1207_exhibit2.pdf

GM shareholders shot Einhorn's proposal down,¹⁵ but GM CEO Mary Barra agreed to return \$7 billion to Wall Street shareholders "through buybacks and dividends," selling off the company's stake in its Opel and Vauxhall divisions in the process.¹⁶



JUNE, 2017

*Seven billion dollars in
buybacks & dividends
to satisfy hedge funds*

MOST RECENT HEDGE FUND PUSH LED STRAIGHT TO PLANT CLOSURES

Which brings us back to October 2018—just a month before the announcement of the Lordstown closure—where the hedge funds were circling GM yet again.

John Levin, chair of **Levin Capital Strategies**, took to Reuters to intone that "somebody" could be angling for a third shareholder campaign against the company, if more wasn't done to compensate the shareholders.¹⁷

Levin wasn't alone—Reuters reporting also cited a **Douglas C. Lane & Associates** partner carping about how "frustrated" he was to own 2.57 million GM shares.



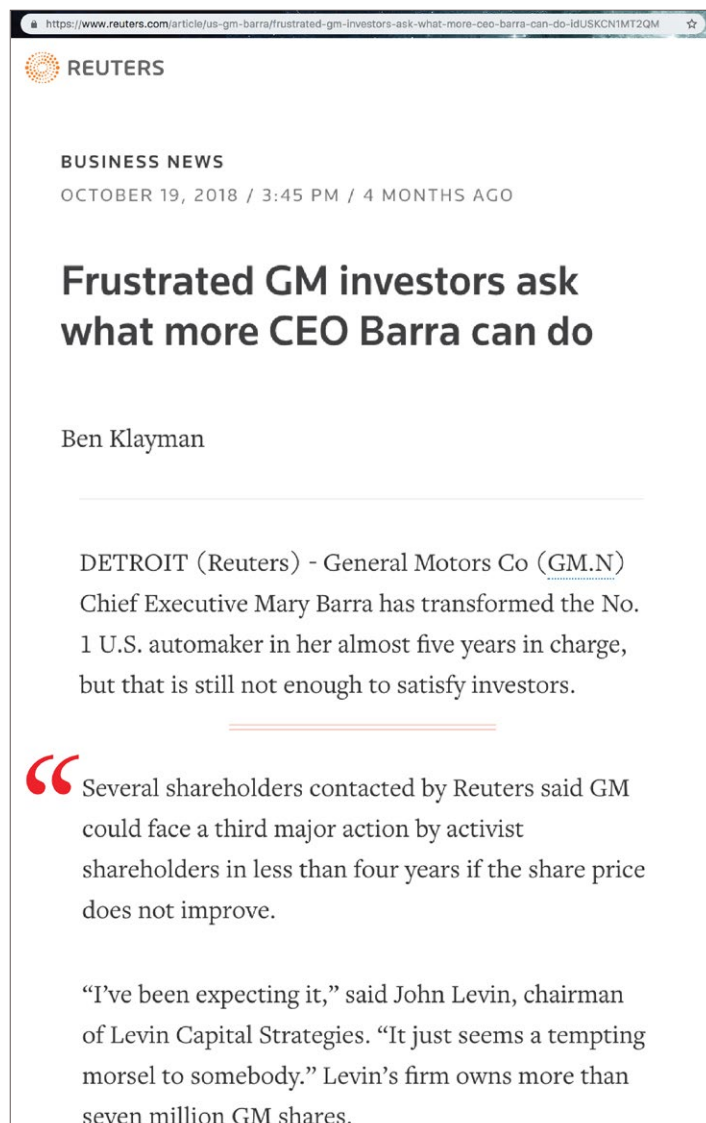
OCTOBER, 2018

*Hedge funds want
more money*

¹⁵ <https://www.businessinsider.com/gm-shareholders-vote-against-david-einhorns-radical-stock-split-plan-2017-6>

¹⁶ <https://www.nytimes.com/2017/06/06/business/dealbook/victory-over-einhorn-provides-little-solace-to-general-motors.html> ; <https://www.caranddriver.com/news/a15338918/psa-group-wants-a-refund-saying-general-motors-misled-it-on-opelvauxhall-emissions/>

¹⁷ <https://www.reuters.com/article/us-gm-barra/frustrated-gm-investors-ask-what-more-ceo-barra-can-do-idUSKCN1MT2QM>



By the end of 2018, GM seemed to have a solution: cuts to workers and communities to pay for all the money provided to hedge fund billionaires.

After wasting \$25 billion on buybacks and dividends — including \$10.6 billion in stock buybacks, the company vowed to shutter five facilities for \$4.5 billion in net savings.¹⁸

Because GM management had previously authorized an additional \$5bn in stock buybacks, GM actually has \$4.4 billion in authorized share repurchases left unrealized.¹⁹

*Every dollar ‘saved’ by
plant closures and job
cuts at General Motors
could go straight into the
pockets of Wall Street
& billionaire hedge fund
managers.*

2019

*Shut down plants
& cut jobs*



That means that every dollar “saved” by plant closures and job cuts at GM could go straight into the pockets of Wall Street and billionaire hedge fund managers.

It remains to be seen whether all of the money GM is saving by shuttering these five facilities will go right into the pockets of hedge funds and other shareholders, or whether the company will reinvest any of that sum into General Motors.

¹⁸ <http://www.thedetroitbureau.com/2018/12/senators-pressuring-gm-to-halt-14b-stock-buyback-plan/> ;
<https://www.cbsnews.com/news/gm-bought-back-10-billion-in-stock-since-2015-double-what-job-cuts-will-save/> ;
<https://www.macrotrends.net/stocks/charts/GM/general-motors/total-common-preferred-stock-dividends-paid>

¹⁹ <https://investor.gm.com/stock-information>

**MEET THE BILLIONAIRES
THAT ARE KILLING JOBS AT GM**



While workers, families and communities hit by plant closures at GM struggle, the billionaire hedge fund managers who have been attacking the company live in unbelievable luxury. They're all making big bucks exploding economic inequality (and many are involved in other controversial business maneuvers).

Massive mansions in Manhattan, the Hamptons, Florida and the "hunt country" suburbs of New York, huge ranches in Texas, glitzy charity balls and pro football teams —

the luxurious lives of the hedge fund managers are in stark contrast to the economic misery they've inflicted on thousands of Americans in Ohio, Michigan and elsewhere.





DAVID TEPPER, APPALOOSA MANAGEMENT

- **\$11.6 Billion Net Worth**
- **Multi-million-dollar homes in Florida and the Hamptons**
- **Made big bucks from betting on the 2008 financial collapse**



- Tepper has a net worth of \$11.6 billion. He made an estimated \$1.5 billion in 2017 alone.²⁰
- Appaloosa has about \$15 billion in assets under management
- Tepper recently bought the Carolina Panthers for an NFL record of \$2.275 billion²¹
- Tepper paid \$43 million for Jon Corzine's Sagaponack oceanfront mansion in the Hamptons²², which he promptly demolished and had an even larger mansion constructed in its place that was completed last summer.²³
- Tepper also purchased a glamorous home in Florida when he moved some of the offices of his hedge fund to Miami Beach²⁴
- While millions of Americans were reeling from the fallout of the 2008 financial crisis, Tepper actually profited from it. His wealth increased by nearly 500% from 2008-2015, thanks in large part to a massive bet he made on the 2008 financial collapse.²⁵
- Tepper has also been a cheerleader for school privatization. He is the founder of New Jersey education reform PAC "Better Education for Kids"²⁶
- He is also a board member of the Robin Hood Foundation, a charity that fights poverty through a policy of "relentless monetization."²⁷

20 <https://www.forbes.com/sites/nathanvardi/2018/04/17/the-25-highest-earning-hedge-fund-managers-and-traders-3/#222f3c643596>

21 http://www.espn.com/nfl/story/_/id/24049997/sale-panthers-david-tepper-finalized

22 <https://www.forbes.com/sites/chloesorvino/2016/05/25/inside-the-hamptons-most-lavish-billionaire-homes/#773e46da487b>

23 <https://www.businessinsider.com/aerial-photos-of-david-teppers-hamptons-mansion-2015-9>

24 <https://oceandrive.com/heres-where-the-world-billionaires-are-buying-homes-in-miami> ,
<https://www.bloomberg.com/news/articles/2018-06-04/florida-nabs-money-managers-as-property-tax-cap-boosts-its-pitch>

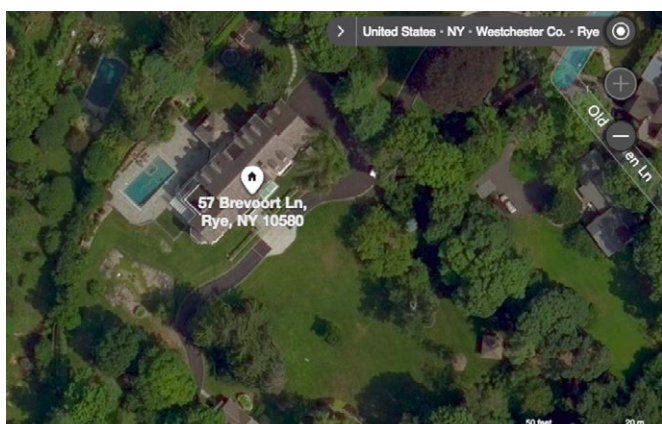
25 <https://www.wsj.com/articles/SB126135805328299533>

26 <https://www.insidephilanthropy.com/wall-street-donors/alan-fournier.html>

27 <https://www.robinhood.org/about-us/governance/> and
<https://www.fastcompany.com/2682181/relentless-monetization-the-moneyball-approach-to-fighting-poverty>

DAVID EINHORN, GREENLIGHT CAPITAL

- \$1.4 billion net worth
 - Makes money from toxic polluters
 - Massive mansion in “horse country” outside New York City
-



- Besides their fines for pollution, CONSOL is a member of an industry association called “American Coalition for Clean Coal Electricity” (ACCCE).²⁸ The ACCCE was a major force lobbying against the EPA’s updated Mercury and Air Toxics Standards,²⁹ a major update to regulations on the toxic and carcinogenic emissions from power plants, which is currently being challenged at the Supreme Court level.³⁰ According to the EPA, the challenged regulations would tighten permissible emissions of methylmercury, a highly carcinogenic pollutant that is a byproduct of coal-fired power.³¹
- Until his recent divorce, Einhorn lived in a 10,000 square foot home in Rye, New York.

- \$1.4 billion net worth
- Greenlight Capital has \$5.5 billion in assets under management
- Although he was once a high-flying hedge fund goldenboy,³² 2018 was a brutal year for Einhorn. His hedge fund lost 34.2%, its worst performance since Einhorn started the firm in 1996.³³
- Greenlight is heavily invested in CONSOL Coal Resources, a segment of coal and gas exploration company CONSOL Energy Inc.

As of their last SEC filing, Greenlight owned 47% of CONSOL Coal Resources, worth about \$90 million.³⁴

CONSOL Energy is a fossil fuel company with a long history of environmental fines. In 2011, the Environmental Protection Agency reached a \$5.5 million settlement with CONSOL Energy, over allegations “that six Consol mines violated pollution discharge limits in their Clean Water Act permits hundreds of times over the last four years.”³⁵ In addition to the \$5.5 million fine for the violations, CONSOL also committed \$200 million to pollution controls and wastewater treatment efforts, designed to mitigate the damage their mining operations had on West Virginia waterways.

- Einhorn is also a school privatization cheerleader. He has contributed tens of thousands of dollars to Democrats for Education Reform

28 <https://www.motherjones.com/politics/2009/11/american-coalition-clean-coal-electricity-lobbying/>

29 <https://www.powermag.com/debate-heats-up-over-new-mercury-and-air-toxics-rule/>

30 <https://www.businessinsider.com/supreme-court-ruling-on-mercury-and-air-toxics-standards-mats-2015-3>

31 <https://www.businessinsider.com/supreme-court-ruling-on-mercury-and-air-toxics-standards-mats-2015-3> and <https://www.epa.gov/iris>

32 <https://www.institutionalinvestor.com/article/b1875gtp13qqyq/what-exactly-happened-to-david-einhorn>

33 <https://www.cnn.com/2019/01/23/hedge-fund-manager-einhorn-explains-why-he-lost-more-than-30percent-last-year-nothing-went-right.html>

34 https://whalewisdom.com/filer/greenlight-capital-inc#tabholdings_tab_link

35 <https://www.justice.gov/opa/pr/consol-energy-pay-55-million-penalty-and-install-wastewater-treatment-plant-settle-clean>

J. KYLE BASS, HAYMAN CAPITAL

- Net worth is secret
 - Keeps gold bricks and platinum bars at his desk
 - \$60 million Texas ranch
-

- Dallas-based hedge fund manager J. Kyle Bass is perhaps best known for his strategies targeting the pharmaceutical industry
- A previous Hedge Clippers investigation noted that Bass's tactic of disputing the patents of drug stocks he is short-selling can result in even higher drug prices for everyday Americans so Bass and other billionaires can get even richer.³⁶
- Bass made hundreds of millions of dollars betting on the collapse of the U.S. housing market.³⁷ That bet earned him the sobriquet "the man who sold the world."³⁸
- Earlier last year, Bass sold his Barefoot Ranch for an undisclosed sum. It had been previously listed for \$59.5 million. The ranch includes a 35,000-square-foot lodge for entertaining with a golf course, boat house on a lake, shooting ranch, paintball course and equestrian center. Each amenity at the ranch was built for entertaining residents and guests.³⁹
- He keeps gold bricks and platinum bars in his desk at Hayman.⁴⁰
- Hayman Capital's billionaire CEO J. Kyle Bass owned a 4,000 Texas acre ranch valued at nearly \$100 million.⁴¹



³⁶ <http://hedgeclippers.org/hedgepapers-no-22-hedge-funds-attack-american-health-care/>

³⁷ <https://www.wsj.com/articles/investor-who-won-big-betting-on-housing-collapse-falters-with-china-bets-1521802810>

³⁸ <https://www.thetimes.co.uk/article/the-man-who-sold-the-world-l7wj7z3969v>

³⁹ <https://www.bizjournals.com/dallas/news/2018/02/02/why-kyle-bass-iconic-texas-ranch-sold-in-less-than.html>

⁴⁰ <https://www.businessinsider.com/10-fascinating-facts-kyle-bass-hedge-fund#he-has-a-plan-for-when-everything-crashes-buy-guns-and-gold-2>

⁴¹ <https://moneyweek.com/469582/the-worlds-greatest-investors-kyle-bass/>

FRANK BROSENS, TACONIC CAPITAL

- Net worth unknown
 - Mansions in New York City and suburbs
 - Vulture investor attacking Puerto Rico pushing sub-minimum wages
-



- Brosens was a Larry-Summers confidante⁴² and a one-time frontrunner to run the TARP program.⁴³
- Taconic Capital is one of the vulture funds seeking to profit off of Puerto Rico's debt crisis and calling for austerity so they can get paid. Taconic was one of a handful of hedge funds that made huge purchases of subordinated bonds just after Hurricane Maria, hoping to profit from the chaos caused by the hurricane.⁴⁴ Taconic has made an estimated \$68 million off of their vulture activity in Puerto Rico.⁴⁵
- In 2010, Brosens and his wife Deenie bought a \$6 million Sutton Place co-op from Rupert Murdoch's ex-wife.⁴⁶ The co-op featured 10-foot ceilings, a marble bath, a wood-paneled library and views of the city.
- Frank and his wife Deenie recently sold their 13,000 square foot Bedford, NY⁴⁷ home for over \$3 million. The house includes a tennis court and indoor pool.⁴⁸

42 <https://www.thenation.com/article/obamas-wall-street-rat-pack/>

43 <https://www.wsj.com/articles/SB123792884135530101>

44 <https://www.bloomberg.com/news/articles/2019-02-15/hedge-funds-see-windfall-from-bets-on-puerto-rico-after-storm>

45 <https://news.littlesis.org/2018/11/20/the-cofina-agreement-part-2-profits-for-the-few/>

46 <https://therealdeal.com/2010/10/27/murdoch-s-ex-sells-6m-sutton-place-co-op-to-taconic-partner/>

47 https://a836-acris.nyc.gov/DS/DocumentSearch/DocumentImageView?doc_id=2010101100078001

48 <https://www.estately.com/listings/info/63-east-field-drive-2>



RAVENEL BOYKIN CURRY IV, EAGLE CAPITAL MANAGEMENT

- Net worth unknown
- Currently holding 20,538,994 GM shares, valued at \$687,029,000⁵¹
- Multi-million-dollar apartment on Central Park South in Manhattan, glamorous Carribean retreat in the Dominican Republic



- Curry has an multi-million dollar apartment in the Trump Parc building at 106 Central Park South.
- The couple has their own residence at the beach club, called Casa Guava. (See picture from Architectural Digest.)
- Curry and his wife Celerie Kemble own Playa Grande Beach Club, a boutique hotel in the Dominican Republic, where a three-bedroom bungalow is \$2,000 per night. The couple originally envision the property as a "private retreat reserved for their families, friends, and friends of friends."⁴⁹ Investors in the project include Charlie Rose, Fareed Zakaria, George Soros, and Mariska Hargitay.⁵⁰
- Boykin Curry is a major supporter of school privatization. He is a founder of Democrats for Education Reform and a former member of the Public Prep charter school network.⁵² He is the Co-Chair of Education Reform Now⁵³ and a former director at of Betsy DeVos-backed Alliance for School Choice⁵⁴ and American Federation for Children⁵⁵
- Curry is one of a handful of Wall Street titans who aimed to remake New York State and aligned with Andrew Cuomo during his first run for Governor. At the time, Curry told the New York Times, "A lot of hedge fund and finance people in New York had decided state politics was too dirty and focused on their philanthropy... I think there's an awakening now that we can be a force in Albany, but we've got to play a tougher game than before."⁵⁶
- They are developing a planned community in the Dominican Republic that will provide weekend succor to investors like Fareed Zakaria, the editor of Newsweek International; Bronson Van Wyck, the event planner; Moby, the musician and tea shop owner; and other wealthy bohemians with an appetite for current affairs and social causes served up in a tropical paradise. Mr. Curry, a money manager and education reform advocate, and Ms. Kemble have been collecting folks like these in their Central Park South apartment for some years, building a quasi-liberal brain-and-money trust..."⁵⁷

49 <https://www.forbes.com/sites/lauriekahle/2015/11/30/playa-grande-beach-club-a-private-dominican-hideaway-opens-to-new-guests/#71abd1c05226> and <https://www.architecturaldigest.com/story/celerie-kemble-dominican-republic-compound-article>

50 <https://www.forbes.com/sites/lauriekahle/2015/11/30/playa-grande-beach-club-a-private-dominican-hideaway-opens-to-new-guests/>

51 https://whalewisdom.com/filer/eagle-capital-management-llc#tabholdings_tab_link

52 <https://www.chalkbeat.org/posts/ny/2015/07/16/gov-cuomo-continues-to-bring-in-money-from-donors-with-education-ties/>

53 <https://projects.propublica.org/nonprofits/organizations/203687838/201722779349301507/IRS990>

54 https://projects.propublica.org/nonprofits/display_990/522111508/2016_02_EO%2F52-2111508_990_201412

55 https://projects.propublica.org/nonprofits/display_990/330627955/2016_02_EO%2F33-0627955_990Q_201412

56 <https://www.nytimes.com/2010/05/10/nyregion/10charter.html>

57 <https://www.nytimes.com/2006/04/06/garden/traditions-new-cheerleaders.html>

LEGISLATIVE SOLUTIONS

NEW LAWS COULD OUTLAW STOCK BUYBACKS AND HEDGE FUND ATTACKS ON AMERICAN JOBS


<https://www.vox.com/policy-and-politics/2019/2/5/18212273/bernie-sanders-schumer-stock-buybacks-nyt>

Vox

Bernie Sanders and Chuck Schumer are going after corporate stock buybacks

A large chunk of Republican tax cuts were funneled into companies boosting their own stocks. The pair of senators want corporations to benefit workers instead.

By Emily Stewart | Feb 5, 2019, 3:20pm EST



Sen. Bernie Sanders (I-VT) and Senate Minority Leader Chuck Schumer at a 2016 press conference on Medicare in Washington, DC. | Win McNamee/Getty Images

Senate Minority Leader **Chuck Schumer** and Sen. **Bernie Sanders** (I-VT) are teaming up to put a spotlight on corporate **stock buybacks** and push forward the idea that in order for companies to reward their shareholders, they should have to reward their workers and communities first.

Schumer and Sanders penned an op-ed in **the New York Times** on Sunday laying out the case for reining in corporate stock buybacks — a process in which companies buy back their own shares from the

The practice of hedge funds mounting expensive campaigns to force companies into buybacks is a relatively recent phenomenon.

SHOULD STOCK BUYBACKS EVEN BE LEGAL?

According to the American Prospect's William Lazonack, the practice accelerated in the 2000s when, "[a]rmed with their huge "war chests," these new-style corporate predators use a corrupt proxy-voting system, "wolf pack" hook-ups with other hedge funds, and once-illegal engagement with management to compel corporations to hand over profits that the hedge funds did nothing to create."⁵⁸

The hedge funds that attacked GM did absolutely nothing to create the company's profits — but they did have a huge role in destroying the 1,600 jobs in the Mahoning Valley. They also had a hand in vaporizing the \$48 million in tax revenue previously contributed by the Lordstown plant alone.⁵⁹

⁵⁸ <https://prospect.org/article/curse-stock-buybacks-0>

⁵⁹ <https://www.ohio.com/news/20181126/gm-announces-closure-of-its-lordstown-assembly-plant>

What Good Are Hedge Funds?



Hedge funds make big returns by manipulating markets in ways that are illegal for small investors. Remind us: Why are they permitted?

By David Dayen

April 25, 2016

“**HEDGE FUNDS ACTUALLY SPRANG** from the widening of a small loophole in New Deal reforms meant to stop companies that trade on behalf of investors from ripping off their clients and threatening economic stability. The Investment Company and Investment Advisers Acts of 1940 prohibited firms operating with pools of investor money from engaging in risky practices like short sales (bets that a stock will go down instead of up), leverage (investing with borrowed funds to amplify returns and heighten risk), and corporate takeovers. Meanwhile, investment companies had to register with the Securities and Exchange Commission (SEC), disclosing their portfolios and their corporate structures. The 1940 laws also restricted certain types of fund manager compensation. The purpose was to eliminate the kind of speculative risks with pools of capital that generated the Great Depression.

These rules remain in place for the \$30 trillion mutual-fund industry, which also invests large pools of client funds. But wealthy families secured a loophole in the 1940 Acts for their own private investment managers. The law exempted advisors with fewer than 100 clients who didn't offer services to the general public from complying with the regulations. Policymakers justified this by reckoning that “sophisticated investors” can handle the risks, while retail investors—“widows and orphans”—needed to be protected more stringently.

It took less than a decade for Alfred Winslow Jones, a former *Fortune* magazine scribe, to capitalize on the exemption, creating the first-ever hedge fund. A.W. Jones & Co., a limited partnership, employed two strategies, both explicitly banned by the 1940 Acts: leveraged purchases of certain stocks with borrowed money, and short sales of other stocks. Jones believed that these two techniques in

And these losses of economic opportunity aren't likely to be contained to just the workers at GM — job losses will likely ripple out from parts manufacturers who supply the plant to service jobs that depend on the salaries of those who work there.

Stock buybacks are neither an inevitable nor enduring feature of our economy — they used to be flat-out illegal. **For the majority of the last century, buybacks were deemed to be illegal market manipulation.**

The ban lasted until 1982, when Ronald Regan's SEC instituted a rule that allowed companies to legally conduct stock buybacks.

Progressive policy makers have recently revived calls to ban or restrict buybacks.

Last year, U.S. Senator Tammy Baldwin introduced the “Reward Work Act”⁶⁰ which:

Repeals the Securities and Exchange Commission (SEC) 10b-18 rule that makes it easier for corporations to buy back their stocks... Finalized in 1982, the rule shields companies from manipulation charges when buying back their stock on the open market. In 1981, the S&P 500 spent approximately two percent of its profits on buybacks. Last year, those same companies spent 59 percent on buybacks. **Now that executives are largely paid in stock, they have a direct incentive to boost prices.**⁶¹

Last month, Chuck Schumer and Bernie Sanders introduced legislation that would bar companies from conducting buybacks if they didn't provide a \$15 minimum wage for their employees, paid time off, and benefits.⁶²

The Sanders-Schumer bill is an attempt to reign in the wage gap, which is a result of both stagnating worker wages and ballooning income for the very wealthy, largely generated by “stock-based pay.”

⁶⁰ <https://www.congress.gov/bills/115/congress/senate-bill/2605>

⁶¹ <https://www.baldwin.senate.gov/press-releases/reward-work-act>

⁶² <https://www.nytimes.com/2019/02/03/opinion/chuck-schumer-bernie-sanders.html>

The wages of the average American are far from the only thing to suffer at the hands of buyback-obsessed corporate management and hedge fund managers. Companies also cut research and development, sacrificing long-term profitability for short-term gains.

This isn't just the conclusion of left-leaning policymakers: Larry Fink, CEO of BlackRock, criticized this phenomenon in a 2015 letter to CEOs, urging them to reduce buybacks.

The eating of our economic seed corn has only accelerated since the Trump buybacks, which slashed corporate taxes. Take the case of Pfizer—weeks after the Trump tax cuts were announced, the company began a \$10 billion buyback and dividend increase.

Weeks later, as the American Prospect pointed out, “Pfizer announced that it was halting research into drug treatments for Parkinson’s and Alzheimer’s—a move that also meant 300 layoffs.”

SHOULD HEDGE FUNDS EVEN BE LEGAL?

Our report lays out the amazing amount of damage that hedge fund speculators have done to General Motors and to the workers and communities hit hard by GM's plans to cut jobs and close manufacturing plants.

The Hedge Clippers campaign has previously issued 65 separate reports that explain how hedge funds have destroyed the economy, rigged the political system, hurt families and communities, exploded inequality and supported the politics of hate and division.⁶³

Senator Tammy Baldwin and other leading progressives have introduced legislation to limit

hedge fund “wolf packs” like those that attacked GM, and to crack down on hedge fund abuses.⁶⁴

But there’s a good case to outlaw hedge funds altogether. According to journalist and author David Dayen,

Hedge funds are an artifact of history, an accident created by loophole in the 1940 Investment Company Act. It was massively expanded in the 1996 National Securities Market Improvement Act, when hedge funds got their hands on institutional money from pension funds and endowments; they grew 20-fold in the next seven years. The entire point of the New Deal reforms was to reverse giant pools of money in unregulated vehicles that don't comply with a staggering amount of securities rules.⁶⁵

Legislation that amends the 1940 Investment Company Act to push super-speculative hedge fund managers back into limited business lines and the 1996 National Securities Market Improvement Act to limit investment from pension funds, endowments and other institutional investors could end the hedge funds' reign of terror over the American economy, American workers and American communities.

*The luxurious lives of
hedge fund managers
are in stark contrast to
the economic misery
they've inflicted on
thousands of Americans*

⁶³ <http://hedgeclippers.org>

⁶⁴ <https://www.nytimes.com/2016/03/18/business/dealbook/2-senate-democrats-introduce-bill-to-curb-activist-hedge-funds.html>

⁶⁵ <https://tinyletter.com/DavidDayen/letters/end-hedge-funds>

PENSION FUND AND UNIVERSITY ENDOWMENT INVESTMENTS IN HEDGE FUNDS ATTACKING GM

The hedge funds squeezing General Motors (GM) rely on investments from large institutional investors—like public and private pension funds and university endowments—for capital to finance their predatory attacks. Pension funds that are meant to help public employees and other workers support themselves in retirement and university endowments

that are meant to support teaching and learning may be unwittingly hurting the very people they are trying to help by investing in hedge funds responsible for plant closures and layoffs at GM.

The following table contains known pension fund and endowment investors in the hedge funds that have been attacking GM:

	HEDGE FUND	KNOWN PUBLIC PENSION FUND AND UNIVERSITY ENDOWMENT INVESTORS
1	Eagle Capital Management LLC	(No public pension/endowment investors)
2	Greenlight Capital	<ul style="list-style-type: none"> · State of Delaware Board of Pension Trustees · University of Hawaii Foundation
3	Levin Capital Strategies	(No public pension/endowment investors)
4	Douglas C. Lane & Associates	(Unknown)

	HEDGE FUND	KNOWN PUBLIC PENSION FUND AND UNIVERSITY ENDOWMENT INVESTORS
5	Appaloosa Management	(Unknown)
6	Hayman Capital	(Unknown)
7	Taconic Capital	<ul style="list-style-type: none"> · Arizona State University Foundation · Gettysburg College Endowment · University of Arkansas Foundation · Texas Tech University System Endowment · College of Wooster Endowment · Duquesne University · Employees' Retirement System of Texas · Florida State Board of Administration · Merced County Employees' Retirement Association · Missouri Department of Transportation & Patrol Employees' Retirement System · North Carolina Department of State Treasurer · Ohio Public Employees' Retirement System · Texas County & District Retirement System · Western Michigan University Foundation · American University in Cairo · Lewis & Clark College Endowment · Massachusetts Pension Reserves Investment Management Board · Missouri Local Government Employees Retirement System · Stevens Institute of Technology
ALL DATA OBTAINED FROM PREQIN		

WHO ARE THE HEDGE CLIPPERS?

Every day, the most unscrupulous hedge fund managers, private equity firms and Wall Street speculators impact the lives of Americans.

They play an outsized role in our political process, our education system, and our economy. Hedge Clippers is a national campaign focused on unmasking the dark money schemes and strategies the billionaire elite uses to expand their wealth, consolidate power and obscure accountability for their misdeeds. Through hard-hitting research, war-room communications, aggressive direct action and robust digital engagement, Hedge Clippers unites working people, communities, racial justice organizations, grassroots activists, students and progressive policy leaders in a bold effort to expose and combat the greed-driven agenda that threatens basic fairness at all levels of American society.

The Hedge Papers are researched, written, edited, reviewed and designed by a distributed, networked team of researchers, writers, academics, attorneys, industry experts, community organizers and designers from around the United States, with contributions from international activists.

We welcome contributions from whistleblowers, industry insiders, journalists, lawmakers and regulatory officials as well as from regular Americans who have felt the destructive impact of hedge funds, private equity funds and the billionaire class in their daily lives.

Our collective includes individuals associated with labor unions, community organizations, think tanks, universities, non-governmental organizations, national and international organizing and advocacy networks, student and faith groups as well as non-profit and for-profit organizations.

The Hedge Clippers campaign includes leadership and collaborative contributions from labor unions, community groups, coalitions, digital activists and organizing networks around the country, including: The Strong Economy for All Coalition, New York Communities for Change, Alliance for Quality Education, VOCAL-NY and Citizen Action of New York; Make the Road New York and Make the Road Connecticut; New Jersey Communities United; the Alliance of Californians for Community Empowerment (ACCE) and Courage Campaign; the Grassroots Collaborative in Illinois; the Ohio Organizing Collaborative; ISALAH in Minnesota; Organize Now in Florida; Rootstrikers, Every Voice, Color of Change, 350.org, Greenpeace, the ReFund America Project and United Students Against Sweatshops; the Center for Popular Democracy and the Working Families Party; the United Federation of Teachers and New York State United Teachers; the American Federation of Teachers, the National Education Association, and the Communication Workers of America.

PRESS + GENERAL INQUIRY CONTACTS

*For information on
this report*

**Strong Economy For All Coalition/
Hedge Clippers**

Charles Khan

▪ charles.e.khan@strongforall.org

Michael Kink

▪ michael.kink@strongforall.org
▪ 518-527-2787

**Public Accountability Initiative /
LittleSis**

Kevin Connor,

▪ kevin@littlesis.org

American Federation of Teachers (AFT)

Bradford Murray

Research & Strategic Initiatives
▪ bmurray@aft.org

Elizabeth Parisian

Research & Strategic Initiatives
▪ eparisian@aft.org

Janet Bass

Communications
▪ jbass@aft.org
▪ 301-502-5222

Melanie Myers

Research & Strategic Initiatives
▪ mmyers@aft.org

*For general press inquiries
on Hedge Clippers*

Progressive Cities

Dan Morris

▪ dan.morris@progressivecities.com
▪ 917-952-8920

Progressive Cities

Marlene Peralta

▪ marlene@progressivecities.com
▪ (646) 601-4267

This paper may contain copyrighted material the use of which has not always been specifically authorized by the copyright owner. It is being made available in an effort to advance the understanding of public policy, economic and financial issues and economic, social and racial justice. It is believed that this constitutes a 'fair use' of any such copyrighted material as provided for in section 107 of the US Copyright Law. In accordance with Title 17 U.S.C. Section 107, the material on this site is distributed without profit to those who have expressed a prior interest in receiving the included information for research and educational purposes.