

Subject: FW: (BN) Wealthy Client Wins \$4.3 Million From GenSpring Over Hedge Fund

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Wealthy Client Wins \$4.3 Million From GenSpring Over Hedge Fund
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By Margaret Collins

Feb. 7 (Bloomberg) -- A SunTrust Banks Inc. unit that manages money for wealthy families paid \$4.3 million to a client over a hedge-fund investment that declined in the 2008 financial crisis, under an arbitration award disclosed today.

GenSpring Family Offices LLC, based in Jupiter, Florida, advised an entrepreneur with a \$30 million portfolio to invest almost one-third of his account in hedge funds instead of bonds, according to a statement from the claimant's lawyers at Dovin Malkin & Ficken LLC and Vernon Healy.

The money was invested in funds of funds that suffered similar losses to the equity markets in 2008, the law firms said. The Standard & Poor's 500 Index plunged 37 percent that year, including reinvested dividends, while funds of funds declined an average of 21 percent, according to data compiled by Chicago-based Hedge Fund Research Inc.

"The strategies employed by the multistrategy hedge funds that GenSpring was funneling its clients' money into were cloaked in secrecy," co-counsel Chris Vernon, of Naples, Florida-based Vernon Healy, said in the statement. "GenSpring's clients were forced to rely on GenSpring because they had no access to any other information regarding these funds."

Hugh Suhr, a SunTrust spokesman, declined to comment on the arbitration in an e-mail. GenSpring had \$17.5 billion in assets under advisement as of Dec. 31, 2011, and ranked 14th in a list of the top 50 family offices, according to data compiled by Bloomberg.

The law firms didn't disclose the client's name. The claimant was the Richard S. Golden Revocable Trust and Golden Optical Corp., according to an arbitration resolution document posted on the website of Securities Litigation & Consulting Group, whose Craig McCann testified in the proceeding.

The \$2.25 trillion hedge-fund industry trailed global stocks in five of the past seven years, according to data compiled by Bloomberg. Hedge funds gained about 4.4 percent in 2012, versus returns of 17 percent for the MSCI All-Country World Index and 16 percent for the S&P 500 Index, a benchmark for large U.S. stocks.

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--With assistance from Kelly Bit in New York. Editors: Josh