

# FF Alts Feature: Och Ziff, Omega Look for Rebound after Heavy Withdrawals

Article published on January 11, 2017

By Lydia Tomkiw

Insider trading and bribery charges in 2016 put hedge fund industry heavyweights Och-Ziff Capital Management and Omega Advisors under a harsh spotlight that also led to waves of investor redemptions. With industry-wide performance ending the year on a higher note and expectations for a rebound in the sector, 2017 may offer these managers the chance to repair damage with investors.

Och-Ziff agreed in September to pay over \$400 million related to its subsidiary **OZ Africa Management's** role in an African bribery scandal tied to mining deals, with CEO **Daniel Och** personally agreeing to pay \$2.2 million, as previously reported.

Good communication from fund managers facing regulatory issues remains key for reassuring investors, especially at large funds where violations may be limited to specific areas.

If you've had an issue with regulations, or bad performance, or performance souring, the best response is to be candid and tell your investors. You're dealing with sophisticated investors, especially on the institutional side...

But even a direct line of communication won't always stem the outflows, especially among institutional investors that made big redemptions and sparked debates regarding hedge fund allocations.

"For an institutional investor, it's not just a question of did they do something wrong. There are so many good hedge funds out there...why should I take the chance and stick with the manager under investigation?" says **Chris Cutler, president of Manager Analysis Services**. He says it would be difficult for Omega to attract institutional investors, and that family office and private banks have more leverage to examine situations.

(Redacted)