

GET 2 WEEKS FREE SUBSCRIBE NOW!

THE PRINT JOURNAL THE ONLINE JOURNAL

U.S. Edition Today's Paper Video Columns Blogs Topics Journal Community Log In Register for FREE

Home World U.S. Business Markets Tech Personal Finance Life & Style Opinion Careers Real Estate Small Business Finance Deals Heard on the Street Madoff Fraud Case Market Data Stocks Bonds Commodities Currencies World Markets Columns & Blogs

TOP STORIES IN Markets

Low-Volume Rally Lifts Stocks



Banks' Bugbear: Commercial Real Estate

EPP, Teppco Coping With the Crunch

Some Good Bankers

HEARD ON THE STREET | JUNE 24, 2009

# Hedge-Fund Gate Bashing Yields Little

Article

Comments (1)

MORE IN HEARD ON THE STREET »

Email Printer Friendly Share: Yahoo Buzz Save This Text

By GREGORY ZUCKERMAN

It may be time for investors to storn the hedge-fund gates.

During the market's crisis last year, more than 15% of all hedge funds imposed restrictions on the withdrawal of money by investors. The explanation from managers: Illiquid markets for some assets meant that selling would destroy value for their clients.

But one furious rally later, only a handful of funds have disclosed concrete plans to hand back money, raising questions about whether some are actually resisting the move, perhaps to keep their firms alive.

There remain assets, such as some convertible bonds and insurance products, with limited trading. But some traders suspect that a number of hedge funds have placed improper values on some of their investments, and if they sold positions, it would force them to lower their returns.

Investors need to levy pressure on funds to sell positions and hand back cash. If not, they risk being caught in a cynical game where funds cling to positions. By not complaining, funds of funds, for example, can pretend an investment still commands a high valuation and continue to charge high management fees by telling their own clients they can't get the money back.

There are rumblings that investors are beginning to fight back and push for liquidations. For example, Carl Icahn and other investors tried to stop Warren Lichtenstein's Steel Partners II fund from converting into a listed investment company, demanding a liquidation of the fund instead.

It may cause some short-term pain, but as the hedge-fund industry tries to recover from a year of broken promises, dropping gates is a vital component for regaining investors' trust.

Write to Gregory Zuckerman at [gregory.zuckerman@wsj.com](mailto:gregory.zuckerman@wsj.com)

Printed in The Wall Street Journal, page C14

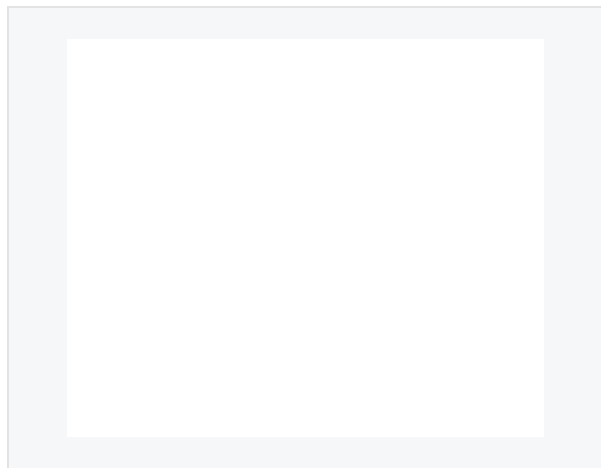
MORE IN HEARD ON THE STREET »

Email Printer Friendly Order Reprints

Article Tools Sponsored by Constant Contact

Share: Facebook Twitter LinkedIn StumbleUpon Dribbble RSS YouTube

Sponsored Links



THE WALL STREET JOURNAL STAY CONNECTED 24/7 VIA EMAIL NEWSLETTERS & ALERTS FROM WSJ.COM FREE Registration Sign up Today

DJ Industrial Average SEE FULL INTERACTIVE CHART

3:03 pm ET 06/29/2009



RANGE: 1dy 1wk 3mo 6mo 1yr 5yr Custom

### AARP Auto Insurance

Over 50? Save \$388 On Auto Insurance. Start Saving! Free Quotes Now!  
[AARP.TheHatford.com](http://AARP.TheHatford.com)

### Invest in

Buy Stocks for \$4. No Account or Investment Minimums. Start Today!  
[www.ShareBuilder.com/Investing](http://www.ShareBuilder.com/Investing)

### Trader Makes \$4 Billion

Wiz Kid Stock & Option Trader Makes \$4 Billion Trading Stock Options!  
[www.VirtualInvestingClub.com](http://www.VirtualInvestingClub.com)

Add a Comment All comments will display your real name. [Go to Comments tab](#)

Want to participate in the discussion?

REGISTER FOR  
FREE ▶

Or log in or become a subscriber now for complete Journal access.

CLEAR

POST

### Video >



**Sluggish Oil Demand to Persist**  
1:28



**MarketWatch's Hot Stocks: Technology**  
1:00



**Sterling Could Be In For A Nasty Shock**  
1:27

### More in Heard on the Street

[Banks' Bugbear: Commercial Real Estate](#)

[EPP, Teppco Coping With the Crunch](#)

[Some Good News From Asia's Bankers](#)

[KKR's Test to Come on New York Stage](#)

[Timing the Endgame in Government Bonds](#)

### Most Popular >

Read Emailed Video Commented

- [Opinion: O'Grady: Honduras Defends Its Democracy](#)
- [Madoff Sentenced to 150 Years](#)
- [Coups Rocks Honduras](#)
- [Wary Banks Hobble Toxic-Asset Plan](#)
- [Hunt Goes On for Missing Madoff Money](#)

Most Read Articles Feed

### Editors' Picks



**We Believed, Then Brazil Pounced**



**A Blueprint for Makeover in Spinoff**



**Paparazzo Stalks the Wily Berlusconi**



**The Joy of 'Jug' Wines**



**Chinese Artist Turns Gunpowder Into Art**

#### WSJ.com Account:

- [My Account](#)
- [Subscriber Billing Info](#)

#### Create an Account:

- [Register for Free](#)
- [Subscribe Now](#)

#### Help & Information Center:

- [Help](#)
- [Customer Service](#)
- [Contact Us](#)
- [New on WSJ.com](#)
- [Tour the new Journal](#)

#### About:

- [News Licensing](#)
- [Advertising](#)
- [Conferences](#)
- [About Dow Jones](#)
- [Privacy Policy - Updated](#)
- [Subscriber Agreement & Terms of Use - Updated](#)
- [Copyright Policy](#)
- [Jobs at WSJ.com](#)

#### WSJ.com:

- [Site Map](#)
- [Home](#)
- [World](#)
- [U.S.](#)
- [Business](#)
- [Markets](#)
- [Market Data](#)
- [Tech](#)
- [Personal Finance](#)
- [Life & Style](#)
- [Opinion](#)
- [Autos](#)
- [Careers](#)
- [Real Estate](#)
- [Small Business](#)
- [Corrections](#)

#### Tools & Formats:

- [Today's Paper](#)
- [Video Center](#)
- [Graphics](#)
- [Columns](#)
- [Blogs](#)
- [Alerts](#)
- [Newsletters](#)
- [Mobile](#)
- [Podcasts](#)
- [RSS Feeds](#)
- [Journal Community](#)
- [Forums](#)
- [My Journal](#)

## THE WALL STREET JOURNAL

### Digital Network

- [WSJ.com](#)
- [Marketwatch.com](#)
- [Barrons.com](#)
- [SmartMoney.com](#)
- [AllThingsD.com](#)
- [FiLife.com](#)
- [BigCharts.com](#)
- [Virtual Stock Exchange](#)
- [WSJ U.S. Edition](#)
- [WSJ Asia Edition](#)
- [WSJ Europe Edition](#)
- [WSJ India Page](#)

#### Foreign Language Editions:

- [WSJ Chinese](#)
- [WSJ Portuguese](#)
- [WSJ Spanish](#)



Copyright ©2009 Dow Jones & Company, Inc. All Rights Reserved