



Vision Capital scored big with its Harvard ties

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- * Founder's ties to Harvard helped attract investors
- * Harvard ties put investors at ease about fund's strategy
- * SEC investigating Vision

By Matthew Goldstein

NEW YORK, Sept 24 (Reuters) - For Vision Capital Advisors, a New York hedge fund under investigation by U.S. securities regulators, a big selling point for investors was the fact that one of its founders was a Harvard Business School professor, said people familiar with the fund.

In 2005, Adam Benowitz and Randolph "Randy" Cohen launched Vision Capital with under \$20 million. But in just three years, assets under management at Vision Capital, which invests mainly in private placements by cash-strapped public companies, soared to \$850 million.

The type of financing Vision specializes in is fraught with risk because the companies doing these deals are small and often teetering on the brink of collapse. But people familiar with Vision Capital said the managers were able to soothe investors' nerves by pointing to Cohen's 9-year tenure as a respected associate business professor at Harvard.

These people said Cohen's association with Harvard fueled Vision Capital's rapid growth and helped the fund attract early money from hedge fund investor Coast Asset Management, wealth management firm Glenmede Investment Management and a private foundation associated with Jeremy Grantham, whose Boston-based GMO is one of the world's largest private money managers.

Representatives for Coast, Glenmede and Grantham either declined to comment or didn't return phone calls.

Reuters reported on Sept. 22 that the New York office of the U.S. Securities and Exchange Commission opened a wide-ranging investigation of Vision Capital. People familiar with the investigation said the SEC sent out subpoenas this summer to investment firms that either did business with the hedge fund or executed trades in shares of stocks that Vision Capital held.

A spokesman for Vision declined to comment but previously said the hedge fund was cooperating with regulators.

Cohen, also a Harvard undergraduate with a PhD in finance from the University of Chicago, is now a visiting professor at the MIT Sloan School of Management.

People familiar with Vision said Cohen's Harvard pedigree was particularly important because institutional investors tend to shy away from funds like Vision which specialize in PIPEs, or private investments in public companies. Even with a little more \$600 million in assets under management, Vision remains only the largest PIPE funds.

Ross Intelisano, a securities lawyer who often represents wealthy investors suing hedge funds, said an Ivy League background is often the first thing that attracts investors to a manager. And sometimes, he added, that kind of pedigree can cause a bit of blind spot for investors.

"I have people coming to me all the time who say, 'Oh, but the guy has a Harvard PhD,'" said Intelisano. "I think everyone wants to think they have the smartest hedge fund manager."

Cohen's ties to Harvard also got some of his former students interested in Vision.

An investment firm run by Navin Dadlani, a former Harvard student of Cohen's, has an equity stake in Vision Capital's management company, according to regulatory filings. People familiar with Vision said Dadlani, a 2003 graduate of Harvard, also persuaded some of his relatives, a wealthy group of Indian expatriates living in the United Kingdom, to invest tens of millions of dollars in Vision.

Dadlani did not return phone calls or emails seeking comment.

One of Vision's signature hires was Yiting Liu, who graduated from Harvard in 2003 and went to work for Vision Capital in 2006. Liu, who could not be reached for comment, left Vision earlier this year. A biography of Liu for the upcoming Harvard Asian American Alumni Summit said she mainly worked on PIPE deals involving Chinese companies.

A native of China, Liu gamed a degree of fame in homeland when her parents published a book called "Harvard Girl," describing how they raised their daughter with the goal of seeing her accepted into Harvard or another top college. (Reported by Matthew Goldstein; Editing by [Gary Hill](#))