

WALL STREET

# HEDGE FUND TODDLERS

## Why wait for that big break when you and a few buds can manage millions now?



**JUST THEIR OWN DOUGH**  
Rebellion's Greenberg, Fleiss, Newton, and Sturges

BY ROBEN FARZAD

**T**HE LIFE OF A TWENTY-something on a Wall Street trading desk can be miserable. If you're not slaving over a spreadsheet late into the night, your boss is whacking you on the head with his BlackBerry for botching an options order. So it's no surprise that many beleaguered Gordon Gekko wannabes fantasize about running their own hedge fund—and, oh yeah, collecting the standard 2% of assets and 20% of profits.

Used to be you had to spend 10 or more years at the feet of a master before striking out on your own. But nowadays some apprenticeships last only a few years. Even kids right out of college are giving it a try. Barriers to entry are low, say experts, though long-term success is another story. "Opening a hedge fund is easy: It's just paperwork," says 30-year-old Jonathan Hoenic, managing partner at Chicago hedge fund Capitalistpig Asset Manage-

ment, which he founded in August, 2000, following a two-year stint as a futures trader at the Chicago Board of Trade (after dropping out of college). The tough part, Hoenic says, is raising money. After all, who in his right mind would entrust a million bucks to someone born during the third season of *Cheers*?

The fresh-faced men who run Rebellion Research Technologies, a Manhattan investment software shop, aren't daunted. "We are serious, experienced mathematicians," asserts 23-year-old Chief Executive and Co-Chairman Alexander C.E. Fleiss.

Fleiss partners with Spencer G. Greenberg, 23, a Columbia University grad, and two classmates from Amherst College, Jonathan K. Sturges, 23, and Jeremy C. Newton, 21. (Newton is still in school.) Forget Goldman Sachs; these guys say the

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finest pedigree is their mathematical model, a supersecret work of artificial intelligence refined over many nights and weekends. Already they're using it to manage their own money, generating returns "significantly above the market" and "with less risk," says Fleiss.

### IT'S IN THE BLOOD

THAT'S NOT TO SAY Rebellion's founders know nothing about the inner workings of high finance. Fleiss's mother, Karen M. Fleiss, manages hedge fund KMF Partners. Alexander cut his teeth when, as a 19-year-old, he wrote a trading program that alerted him to the shares of a bankrupt leasing company that appeared undervalued. With money left to him by his grandfather, Fleiss accumulated so much of the 37¢ stock that he had to file an ownership statement with the Securities & Exchange Commission. The shares soared to \$3.70, and Fleiss plowed his winnings into Rebellion. "You don't need a financial background," says co-Chairman and Chief Software Architect Greenberg, the son of Glenn Greenberg, manager of hedge fund Chieftain Capital Management. (Grandpa was baseball legend Hank Greenberg; grandma is a Gimbel's department-store heiress.) Spencer got his bachelor's in applied mathematics from Columbia last year.

Abiding by SEC rules, the Rebellion guys can't comment on whether their firm will morph into a hedge fund. "We would consider using our software to manage money at some point in the future" is all they will say. If and when that happens, investors' hunger for novel approaches just might get Rebellion face time with institutional power brokers. "They're looking for young, emerging managers," says Irwin M. Latner, a partner specializing in hedge funds at law firm Herrick Feinstein.

Still, most hedge fund aspirants have a little seasoning before setting up shop. One 29-year-old who got his MBA from a top B-school last year and is co-founding a fund has paid nearly a decade of dues, including a gig at an investment bank and junior roles at a small hedge fund and a large mutual fund. "Find me someone who buys the concept that merely going to a great school makes you a great investor," he sniffs, sounding like a grumpy old man. ■

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