

Paine & Partners Backs Capital Z's Hedge Fund Ops

By Shasha Dai

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Shortly after assuming a new identity, Paine & Partners LLC has backed a management buyout of the hedge fund sponsorship business of Capital Z Investment Partners LLC.

Financial terms weren't disclosed.

The business will now be known as Capital Z Asset Management, to be led by Chairman Laurence Cheng, founder and chief executive of Capital Z Investment Partners. The company will continue to take minority ownership interests in hedge fund managers, as well as act as the sponsor and cornerstone limited partner of those funds.

As part of the transaction, Paine & Partners and Cheng's team will also purchase the minority interest in the management company, as well as general partnership interests held by certain limited partners.

Launched in 1998, Capital Z Investment Partners is an investor in private equity and hedge funds, according to its Web site. It currently owns interests in 16 hedge fund managers, with a combined \$10.8 billion of assets under management.

It isn't clear what will happen to Capital Z's private equity fund interests, as executives of the firm and Paine & Partners weren't available for comment by press time.

Formerly known as Fox Paine & Co., Paine & Partners adopted its new name earlier this month, after the firm's founders Saul Fox and Dexter Paine settled their lawsuit in December.

Paine & Partners is raising a \$1.4 billion new fund, for which it has closed on at least \$1 billion.