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Hedge fund said to pursue Goldman Sachs traders

Avenue Capital Group is among three firms reportedly courting members of Goldman's disbanded principal strategies unit, but they could still go their own ways.

A group of Goldman Sachs Group Inc. traders in the U.S. is being pursued by at least three competing firms, including Avenue Capital Group, as the investment bank prepares to break up the unit, according to two people briefed on the discussions.

Marc Lasry, founder of Avenue Capital, is courting the Goldman Sachs team run by Bob Howard to expand his New York-based firm beyond its focus on distressed and credit investing, the people, who asked not to be named because the talks are private, said Monday. He's vying with buyout firm KKR & Co. and investment bank Perella Weinberg Partners LP, which also are negotiating with Mr. Howard, people with knowledge of the matter said on Sept. 8.

Goldman Sachs is disbanding the principal-strategies business to comply with new U.S. rules aimed at curbing risk. Members of the unit, which uses multiple strategies to make bets with the New York-based firm's own money, could go their own way if an agreement isn't reached soon, said Robert Olman, President of Alpha Search Advisory Partners, a recruitment firm based in Roslyn, N.Y.

"The longer it takes to work out a deal, the more likely that members of the team will work something out for themselves elsewhere," Mr. Olman said.

Mr. Lasry, 51, declined to comment, as did Ed Canaday, a spokesman for Goldman Sachs.

Avenue Capital was founded by Mr. Lasry and Sonia Gardner in 1995 and managed \$18.8 billion at the end of July, according to its website. The firm says it has more than 300 employees.

The Goldman Sachs group is led globally by Hong Kong-based Morgan Sze, who may start his own hedge fund focused on Asia, two people with knowledge of the matter said earlier this month. Mr. Sze in March replaced Pierre-Henri Flamand, the former global head who left to set up a London-based hedge fund called Edoma Capital Partners LLP.

Some of the principal strategies group's traders and support staff may get roles at Goldman Sachs or seek jobs independently, the people said.

BlackRock Inc., the world's biggest asset manager, also held talks to hire one or more people from the Goldman Sachs group, a person with knowledge of the talks said earlier this month.

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