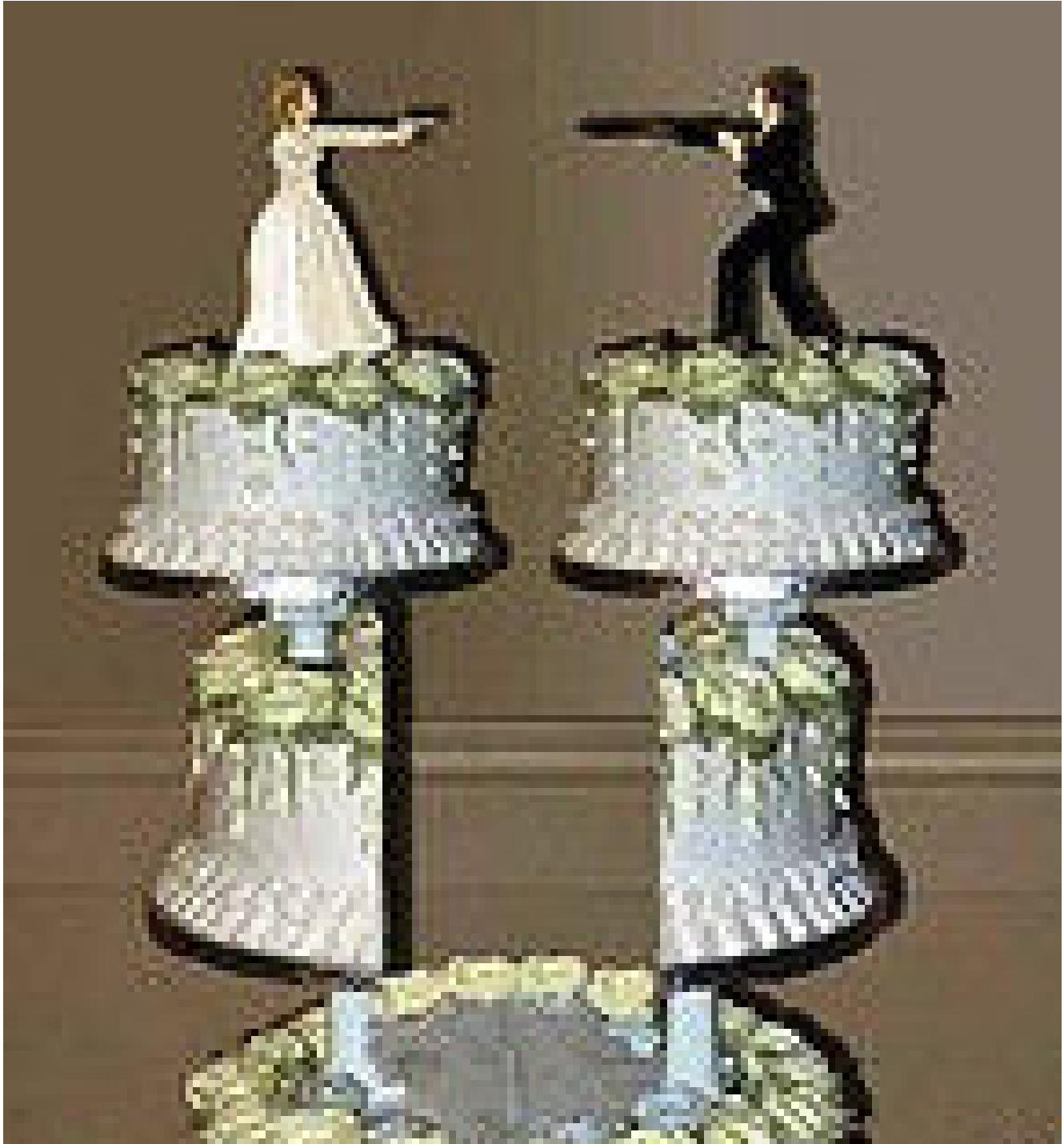
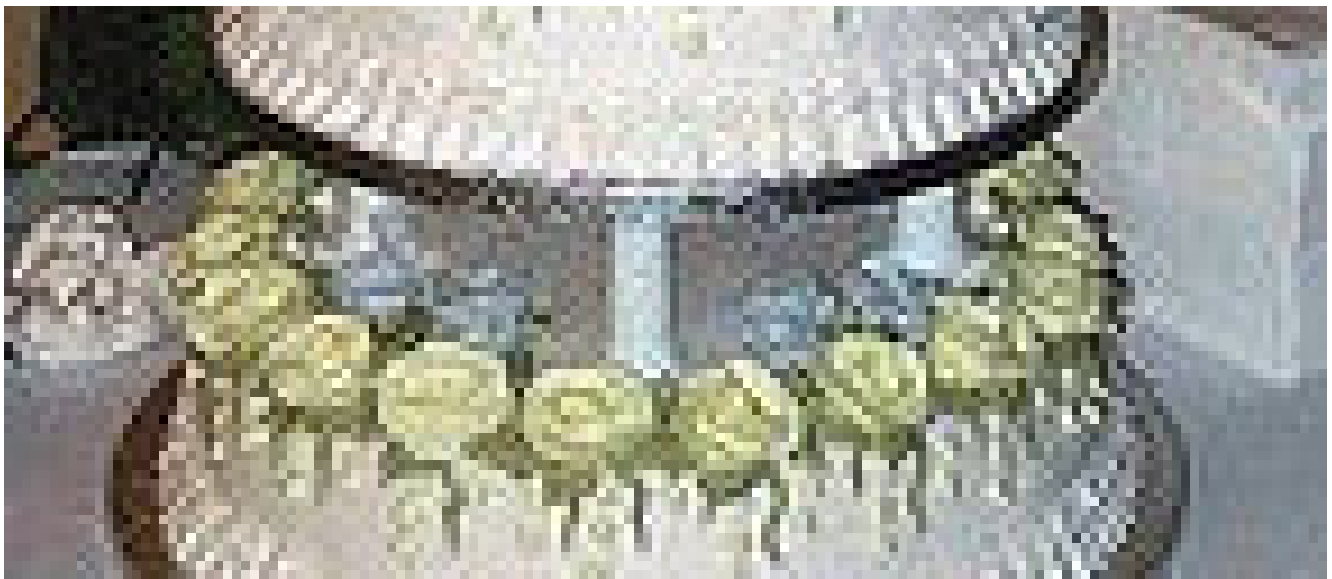


# Divorce, scandal and other things that could sink your career

by [Paul Clarke](#) 10 October 2013





If you've been offered a new job, any financial services employer will perform a background check to ensure there are no problems with your employment history, education, credit history or a potential criminal record. Some of these will rule you out, or could potentially drag up skeletons you'd rather not go public.

However, what happens if you're already in a job, and potential new investors want to vet the people looking after their money? In the hedge fund and asset management sectors, firms performing operational due diligence on fund managers for investors are also scoping out individuals. This will include the executive suite, but individual portfolio managers and chief investment officers are also put under scrutiny.

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Kinetic Partners, a fund management consultancy, has just embedded background checks on individuals as part of its due diligence work for investors. Quentin Thom, a director at Kinetic Partners, said that the investigations will cover everything from criminal, education, employment history, credit and civil checks, and the firm will offer an opinion on employees to give the investor an edge.

The most obvious thing to concern any potential investor is evidence of fraud or a criminal history, but there are other 'red flags' that could also have consequences for employment prospects, said Guy Simonian, founder and CEO of Check Fund Manager, a specialist investigator for the asset management industry.


"There are a lot of personal issues that can come to light which often mean that investors don't want these people managing their money," he said. "For example, a history of drug or alcohol abuse are red flags, but less obvious is the impact of a divorce. In smaller firms, a spouse can have an interest in the financial matters of the firm. However, often it's because it can be a distracting influence so a portfolio manager may not be able to perform their duties as effectively."

Marital problems affecting performance is something that has been raised by prominent hedge fund managers previously. Paul Tudor Jones, founder of Tudor Investment Corporation – while ruling out breast-feeding mothers – also said that the "emotional distraction" of a divorce means you can immediately deduct 10-20% from a trader's returns. Meanwhile, Taylor O'Malley, speaking at the EuroHedge Summit this summer, said he sometimes cuts portfolio managers' capital in half if they're having marital problems.

While this could ultimately be damaging for your career – particularly if it's turning off investors – it's unlikely to result in you being shown the door (unless it's particularly drawn out and traumatic). More likely is hitting the headlines for the wrong reasons, said Simonian: "It doesn't have to be related to fraud or a criminal activity, any sort of negative media attention can be damaging to an individual's career. Any controversy outside of their professional life could impact investor appetite."

Nonetheless, the most common things to be uncovered during due diligence operations are very similar to the [anomalies found during](#)

[employment screening checks](#) – people lying about their degree subject, or failing to complete the degree they claim to possess and exaggerating job titles or responsibilities in previous roles.

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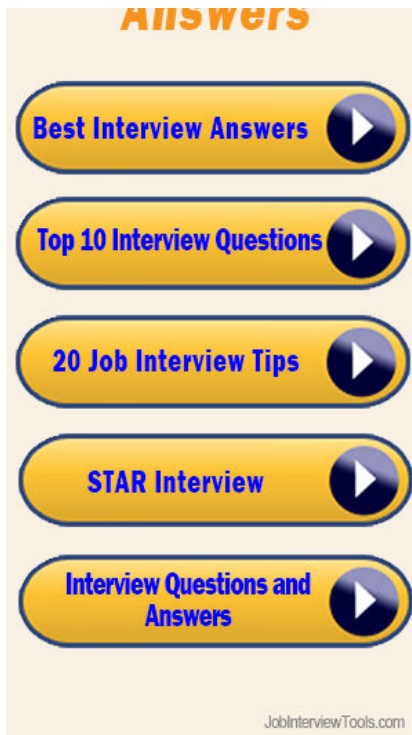
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