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Cadogan to Buy Back Business from Fortis

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A $3.6 billion hedge-fund investing firm whose founder and other senior executives quit two weeks ago agreed to buy the business back from Fortis Bank, after stalled negotiations resumed, people familiar with the matter say.

Cadogan Management LLC, which oversees hedge-fund investments for clients in exchange for fees, will spin off from the European bank's U.S. asset-management arm at the close of the transaction, the people said. New York-based Cadogan, Fortis and French bank BNP Paribas, which earlier this year agreed to acquire a range of assets from Fortis, plan to announce the agreement Thursday.

Terms of the management-led buyout aren't expected to be disclosed, the people said. BNP already has a hedge-fund investing business, and that was seen as overlapping with Cadogan, making a spinoff attractive.

Cadogan, which has a 15-year track record investing in private funds, has had a tumultuous run lately, as The Wall Street Journal reported. It has seen investors pull assets amid uncertainty over ownership, people close to the firm say. The firm's plans to spin off from Fortis and BNP, depending on timing of a deal, had been considered a positive, according to two investors.

When spinoff talks froze in early October over financial and other terms, several top executives at Cadogan abruptly quit, resulting in a notice to investors about the management shake-up. Those executives now will return to the spun-off entity, according to people familiar with the matter.

The executives who quit recently but who plan to return include Cadogan's founder and chief executive, Stuart Leaf, as well as Chief Investment Officer Paul Isaac and Michael Waldron, the chief risk officer and an investment-committee member, a person familiar with the matter said.

At its peak, Cadogan oversaw $5.5 billion, according to a person familiar with the matter.

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