

HELL LOSES ITS GUARD DOG

✖ Atrios baited me to weigh in on Cerberus' imminent demise.

Investors in hedge funds run by Cerberus Capital Management LP, whose audacious multi-billion dollar bet on the U.S. auto industry went bust, are bolting for the door, clinching one of the highest-profile falls from grace of a superstar in the investment world.

Clients are withdrawing more than \$5.5 billion, or nearly 71% of the hedge fund assets, in response to big investment losses and their own need for cash, according to people familiar with the matter.

"We have been surprised by this response," Cerberus chief Stephen Feinberg and co-founder William Richter wrote in a letter delivered to clients late Thursday.

And while I suggested I would keep my schadenfreude in check until such time as I got to see Cerberus' Senate defender, Bob Corker, weep, I just couldn't resist two points.

First, who the hell thought a financial institution in which John Snow, 43's failed Treasury secretary, and Dan Quayle, 41's laughable Vice President, had significant management roles would succeed? Sure, having Snow and Quayle on board promised that people like Corker would subvert the national interest in favor of his buddies at Cerberus. But even an institution wired into the best crony network must exhibit some basic competence.

And, too, I take some joy that this model of financialized predation has failed. Yeah, Cerberus is not singlehandedly responsible for

Chrysler's failure. But it is nice to see Cerberus pay for its efforts to suck some value out of a company by extracting its financial wing at the expense of its productive core.

It's just a damned pity that so many real human beings have suffered in the interim.

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