

**Attorneys
Partner**

- Stephen M. Goodman

Partner Stephen Goodman Interviewed About Hedge Funds and Brokered CD Market

Corporate Partner Stephen Goodman was interviewed by HedgeCo.Net for its March 11, 2010 article, *Hedge Funds & The Brokered CD Market*.

Goodman explained that hedge fund managers can use the brokered CD market for cash management. “Brokered CDs are used in cash management to provide returns which are slightly better than money market funds, but with the added benefit of FDIC insurance. As long as the individual’s total deposits with any institution are less than the mandated limit, the funds at that institution will be insured. The deposits can be spread among multiple institutions if there is more cash than can be kept at a single one.”

According to Goodman, “Interest payments and maturities can be structured according to a client’s needs. Longer maturities may be possible than the usual CD. They can be ‘laddered’ to ensure specific cash flows, and yields can be increased by acquiring ‘callable’ or ‘step-up’ CDs.

Goodman did note that there are various risks, particularly if there is a need to liquidate a CD prior to maturity. “On the date it is sold, intervening changes in interest rates may affect its value, as with any other debt security. Early redemption from the issuing institution can result in penalties. And of course there is generally a broker’s fee for acquiring the CD, which would in turn lower the overall return, depending on the number of CDs bought and sold and their size.”

To read the article, please [click here](#).