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As the hedge fund industry struggles this year, it relies more than ever on its service providers, rated here in the Fourth Annual Alpha Awards.

#### **LAW FIRMS**

This year is on track to be the slowest new-fund market since 2001, but the lawyers who midwife start-ups say they have been as busy as ever. What's lacking in quantity is more than made up for in fund complexity, as funds look to do more business abroad. "Markets have become tougher in the U.S., so more managers are looking at foreign markets," says John Broadhurst, a partner at San Francisco-based firm Shartsis Frieese, who oversees the firm's hedge fund practice. "This creates more tax planning and regulatory compliance work. We're doing a lot more consulting in that area."

Shartsis Frieese seems to have come through with flying colors: Hedge fund managers this year rate it the top onshore law firm. Though the 55-lawyer firm has traditionally catered to smaller hedge fund clients than its megafirm competitors, it is the favorite this year among hedge funds with \$1 billion or more in assets, suggesting that, in these trying times, even big funds are turning to law firms with a reputation for hand-holding.

In the 1980s, Shartsis Frieese was one of the first law firms to advise the then-budding hedge fund industry. Clients were often castoffs from bigger firms that didn't consider them lucrative enough to take on. "The large law firms weren't particularly interested in that business and were happy to refer anyone who came to them wanting to start a hedge fund to the few little specialty law firms like us," says Christopher Rupright, a Shartsis Frieese partner.

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