



Industry Professionals serving as non-executive directors to Alternative Funds

## April Showers



The rain it raineth on the just  
And also on the unjust fella;  
But chiefly on the just, because  
The unjust hath the just's umbrella."

– Charles Bowen

Michael Lewis's book on FTX/SBF 'Going Infinite' is obviously just one man's view and not the whole story, but what was hardest to believe was the amount of money invested with (?thrown at) FTX, apparently without any due diligence.

It doesn't seem to be the case that anyone actually came to see the operation in the Bahamas. Covid could be the excuse, but actually hasn't this mania for WFH and doing everything by Teams and Zoom removed the safest and best way of doing thorough research: in person?

Without doubt everyone reading this ensures that due diligence is done in-person on all their service providers - and their investors would not forgive them for failing to do so.

The same applies to corporate governance. At IPAF we insist that our directors' contracts contain reference to at least one meeting in person per annum. There is no other way of gaining confidence in the executive without meeting them. Directors are answerable to shareholders. FTX got away without having any independent directors for most of its life.

*"These were all red flags that should have either turned investors away or led them to insist on taking more control and instituting better governance practices. Instead, FTX was able to raise some \$2 billion, including from top-tier VC firms like Sequoia and NEA.\*"*

\*"FTX and the Problem of Unchecked Founder Power" by Noam Wasserman.

*Res ipsa loquitur.* The Just Fellas submit to extensive questioning and research into their operations. The Unjust have stolen their umbrella and stay dry...until a hurricane comes along and blows the stolen umbrella inside out and breaks it (damaging quite a few passers-by in the process).

Caroline and Stella

Directors, IPAF Group

### About IPAF

IPAF provides Industry Professionals – independent, knowledgeable and experienced people - as non-executive directors to Alternative Funds. IPAF is run from London with a panel of 17 directors across 7 jurisdictions: Cayman, Luxembourg, Ireland, Switzerland, the Channel Islands, Portugal, and UK. All the IPAF directors are independent of each other and no fee is charged by IPAF to a fund that selects a member of its panel: the fund only pays the director's fees.

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