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## Rumors Swirl as Hollywood Clients Desert Financial Guru

**\* Entertainment: Big names have cut ties with money manager Dana Giacchetto amid concerns that include risky investments.**

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One of the entertainment industry's hottest young money managers, with close ties to such top Hollywood stars as Leonardo DiCaprio and such powerful figures as Michael Ovitz, has lost numerous high-profile clients recently amid questions about his handling of their affairs.

Developments surrounding Dana Giacchetto, 36, a New York-based investment and financial advisor, have quietly captivated Hollywood insiders for more than a month. Among those who have cut their financial ties to Giacchetto are Ovitz; stars DiCaprio, Cameron Diaz, Matt Damon, Ben Affleck and Courteney Cox Arquette; and a number of agents and executives. Richard Lovett, the president of Hollywood's most powerful talent agency, Creative Artists Agency, had money invested with Giacchetto but withdrew it more than a year ago, according to sources.

It is unclear whether those clients and others have lost money. Some clients said they believed they had profited through his management. But some sources have raised questions about speculative investments Giacchetto made.

"A lot of people have stopped using him," said entertainment business manager Jerry Chapnick, who worked closely with Giacchetto and also recently lost Damon and Affleck as clients.

Giacchetto also has parted ways with Chase Manhattan Bank's Chase Capital Entertainment Partners, a venture fund he helped start to find investment opportunities in entertainment and media. That relationship, launched with fanfare in November 1998, ended quietly within the last two months, according to sources.

Giacchetto was traveling in Europe and unavailable for comment, according to his office. His New York lawyer, Martin Garbus, said that any turnover of clientele was natural for a money management firm "with more than 600 clients."

"If he's lost one or two, he has gained an equal number or more," Garbus said. "This is a man who has been extraordinarily successful." Garbus, citing client confidentiality, declined to identify any by name.

Garbus acknowledged that DiCaprio has withdrawn his funds from Cassandra Group, Giacchetto's money management firm, but said the actor preferred to have his investments managed by a cousin. "He and Leo have had an amicable parting," Garbus said.

Giacchetto in recent years assembled an A-list roster of young stars, agents and executives as his clients in part through his friendship with Jay Moloney, a former top agent who committed suicide last month after a long struggle with drug addiction. Many of the agents were associated with CAA, the agency co-founded by Ovitz and where Moloney had been a rising star.

"He's Hollywood's Gen-X money manager," one top executive said. An April article in GQ dubbed him the "rock-and-roll broker."

Many clients looked to Giacchetto for advice beyond financial issues, as well as enjoyed his connections to a world of fashionable young artists and entertainers. One source called him "brilliant at leveraging" the two worlds of young Hollywood and New York's financial establishment to his advantage.

Ovitz was quoted earlier this year in the magazine Manhattan File as saying: "He's a life advisor. He's very full of ideas and very connected to a lot of people who I find stimulating."

DiCaprio--known to be a close friend who occasionally stays in Giacchetto's SoHo loft--told the Wall Street Journal in November last year that while movie stars have "traditionally been exploited" by their money managers, Giacchetto has "educated me financially."

Some of the clients' specific complaints, according to sources, include disorganization in Giacchetto's office. The result, sources said, is that some clients did not receive timely statements or answers to their inquiries about their

accounts, and some experienced troubling delays in receiving funds.

Other high-profile stars, moreover, apparently objected to Giacchetto's penchant for self-promotion. Giacchetto's vigorous New York social life and professional dealings were often chronicled in the media; he was frequently quoted talking about his friendship with DiCaprio and depicted performing financial deals on behalf of such clients as Affleck, Damon and Arquette. He often claimed in articles to be managing \$300 million to \$400 million for as many as 400 clients.

One prominent agent said that his star clients were upset that Giacchetto was "publicly trading on their names and investments."

Garbus, Giacchetto's attorney, said he was unaware of any such complaints. He said Cassandra Group was professionally managed and well-equipped to produce complete information for clients. Asked about complaints that Giacchetto trades on his clients' names, Garbus said, "I doubt it, knowing the way Dana does business. On behalf of Dana I'd say it's not true."

In July, however, in an article on the CNNfn financial news Web site, Giacchetto was portrayed managing financial deals for his clients over an iced Starbucks coffee.

"You've got \$12 million here, we've got 400,000 shares," the article quotes him as saying. "So we need more. . . . So we put in Ben Affleck, Courteney Cox, Matt Damon . . . if we took 500,000 shares, maybe that would be right."

Several sources said they first became skeptical of Giacchetto more than a year ago. One source close to CAA's Lovett said the agent pulled his money from Giacchetto after becoming "uneasy with his style and discipline."

Giacchetto has portrayed himself as a conservative manager who invests his clients' money in blue-chip stocks and high-quality bonds. "Artists take so many risks in every aspect of their lives that their money should be handled conservatively," Giacchetto told GQ.

But some of his investments were riskier. Several sources said that some clients' discontent with Giacchetto came after he invested their funds in bonds of Iridium, a highly speculative company that sells global wireless telephone service via a satellite network. The company is currently operating under Chapter 11 of the U.S. Bankruptcy Code and its bonds have lost more than 90% of their value.

Concerns also were raised when Giacchetto placed as much as \$2 million of clients' funds in Paradise Music & Entertainment, a troubled entertainment firm, according to corporate filings with the SEC. These included Damon, Affleck, Diaz and Morgan Freeman. In July, investors represented by Giacchetto spent an additional \$4.1 million buying shares in the company.

Jesse Dylan, son of music legend Bob Dylan, was installed as chief executive of Paradise at Giacchetto's request and is currently trying to turn the company around. In a move that further raised eyebrows, Giacchetto also pushed to have his friend Moloney installed as president.

Paradise's stock, which traded at \$8 a share in early May, now sells for \$3.

Giacchetto's arrangement with Chase was apparently designed to allow him to bring investment opportunities to the bank and help them assess their potential. Chase sources said it was not designed as an investment vehicle for his individual clients.

In any event, the partnership apparently broke up within the last few months under circumstances that are still unclear.

Giacchetto's lawyer, Garbus, said that his client is still a "partner" with the Chase group, although he would not say if the relationship extends beyond Giacchetto's right to share in profits generated by past deals in which he participated. But he acknowledged that "he and Chase have modified their arrangement."

Other sources close to the situation said Chase "is no longer involved" with Giacchetto.

And Jeffrey Sachs, one of Chase Capital Entertainment Partners' principals, is known to have told other Chase executives that he and Giacchetto had a "most unpleasant" falling out, but that he hoped eventually to effect a reconciliation.

**Descriptors:** GIACCHETTO, DANA; RUMORS; ENTERTAINMENT INDUSTRY; CELEBRITIES; INVESTMENT BANKING