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SAC suit shrinks

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So much for demanding half of hedge-fund mogul Steve Cohen's \$13 billion empire.

It turns out that Cohen's feisty ex-wife, Patricia, is willing to settle for just \$2.75 million.

Five months after first suing the hedge fund billionaire for "a substantial, if not controlling," interest in his Stamford, Conn., hedge fund, SAC Capital Management, Patricia Cohen yesterday sought to amend her complaint against her 54-year-old ex -- a complaint that would be aiming a lot lower than her initial legal salvo.

The reduced demand could be a drop in the bucket for the billionaire trader -- at least compared to the \$300 million she was asking for seven months ago, and the \$4 million plus a stake in SAC she sought in her first amended complaint filed in April.

Patricia sent shock waves through Wall Street when she first lobbed her lawsuit at Cohen in December, alleging the infamous trader cheated her out of millions in their divorce 20 years ago, including \$900,000 she gave him to invest on her behalf.

Most stunning were allegations that Cohen had confessed to insider trading when they were married.

She said Cohen made \$10 million off General Electric's 1985 purchase of RCA based on information he'd gotten from an insider and Wharton buddy, who passed the tip to him through a mutual friend.

That alleged bombshell is still in the amended complaint she asked permission to file, although Patricia now says the information got to Cohen in a more convoluted fashion -- starting with Bruce Newberg, Cohen's Wharton buddy and a former Michael Milken colleague at Drexel Burnham Lambert. Newberg, she alleges in the complaint, got it from Dennis Levine, another Drexel exec, who got it from an unnamed RCA insider.

In a flourish, she said the trio used to call themselves the "Wharton Mafia."

Patricia also narrows the list of defendants to include only Cohen, his brother, Donald, and Brett Lurie, a convicted felon who used to do business with Cohen. SAC is no longer a defendant.

Her new complaint also rests solely on the previously made allegation that Cohen lied about the money he earned from a real estate deal he did with Lurie. Cohen, the suit charges, claimed the real estate deal was worth nothing when, she adds, he got \$5.5 million from Lurie and hid the assets with the help of his brother.

Gone are Patricia's claims to Cohen's hedge fund empire on the grounds that the \$900,000 she invested with him helped him seed SAC Capital.

"These baseless allegations are simply an attempt to extort Mr. Cohen," said a spokesman for SAC Capital. "We have a motion to dismiss pending and look forward to a prompt resolution." kwhitehouse@nypost.com