SERVICE 05

Fractional CRO Services

■ Based on Real Engagement

CLIENT PROFILE

Client	Castellar Partners LLC — Global Hedge Fund Platform
AUM at Engagement Start	~$900 million
AUM at Engagement End	~$2.8 billion (3.1x growth)
Role	Chief Risk Officer — recruited during the 2008–2009 financial crisis
Duration	January 2009 – May 2014 (5+ years)
Engagement Type	Full-Time CRO (now offered as Fractional CRO for emerging platforms)

THE CHALLENGE

Castellar Partners LLC was a global hedge fund platform managing approximately $900 million in assets at the height of the 2008–2009 financial crisis. The firm lacked a comprehensive enterprise risk management framework — leaving it exposed to liquidity stress, counterparty concentration, and redemption risk at precisely the moment when those risks were most acute.

The board and CEO needed a senior risk executive capable of building institutional-grade risk infrastructure from scratch, advising the investment committee on complex multi-asset exposures, and managing the firm's relationships with banking counterparties and institutional investors through an extraordinarily volatile market environment.

VERDE ADVISORS APPROACH

David Slattery was recruited as Chief Risk Officer to build Castellar's enterprise risk function during the financial crisis. Over five years, he designed and operated the governance infrastructure that enabled the platform to navigate the crisis, scale assets, and support new investment initiatives.

The core risk management framework addressed four critical dimensions: liquidity stress testing and cash flow modeling under multiple redemption scenarios; counterparty concentration analysis and ongoing monitoring across prime brokerage and banking relationships; portfolio-level risk analytics utilizing VAR, Monte Carlo simulation, correlation analysis, and drawdown attribution; and investment committee governance including formal risk reporting, policy documentation, and compliance monitoring.

In partnership with the investment team, Verde's principal also supported the structuring and negotiation of a leveraged swap facility with BNP Paribas — a complex capital markets transaction that enabled the platform to scale from $900M to approximately $2.8 billion while maintaining institutional governance and liquidity controls throughout.

KEY DELIVERABLES

- Enterprise risk management framework — policies, procedures, and governance documentation
- Liquidity stress testing models — multiple redemption scenario analyses updated quarterly
- Counterparty concentration monitoring system — real-time tracking across all banking relationships

- Monthly risk reports for CEO, investment committee, and board of directors
- New strategy risk frameworks — supporting expansion into distressed debt, special situations, and event-driven strategies
- BNP Paribas leveraged swap facility — risk structuring, negotiation support, and ongoing covenant monitoring

OUTCOMES & RESULTS

3.1x	$0	~$220M
AUM Growth ($900M → $2.8B)	Losses from Risk Management Failures	Value from New Strategy Frameworks

This case study is based on the direct professional experience of Verde Advisors' principal, David E. Slattery Jr., MS, as Chief Risk Officer of Castellar Partners LLC (2009–2014). Castellar Partners is a real firm. The Fractional CRO service applies this same institutional framework to emerging asset managers, family offices, and endowments on a retainer basis.