

What really happened at GAM?

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The source of an outrageously inaccurate hatchet job on the Steel magnate Sanjeev Gupta, published in the Sunday Times this week, is the sacked former whistle blower Daniel Sheard. The article repeats many of the tropes that have appeared in FT and Reuters articles that also defamed the reputation of the industrialist. Sheard has been leaking whatever material he could to the Financial Times and the Times since he stopped working full time at the end of 2018, following what was described by people inside GAM, where he then worked, as a "breakdown". The story is a sad one for Sheard and an example of the psychological pressure of constantly delivering results in the highly competitive bond market. But it should also be a cautionary tale for journalists because Sheard is a profoundly unreliable witness who has developed an unhealthy obsession with the owner of Liberty Steel and the Gupta Family Group of companies. It could turn into a tragic tale if Sheard's ranting ends up costing the jobs of ordinary people on the shop floors of manufacturing plants across the world.

Tim Hayward and Daniel Sheard had been a highly successful team running the Absolute Return Bond Fund group of products for Swiss firm GAM until 2017. The performance of the absolute return fund was beginning to falter before the destruction wrought by Sheard's actions, as can be seen from the results available [here](#) and [here](#). [Rather than try](#) and work with Hayward to improve things, Sheard refused to travel to see key clients, undermined and attacked Hayward in internal meetings, reported him to the CEO and then reported him to the regulatory body the FCA. His obsession forced GAM to hold an internal enquiry but Sheard then began to talk to journalists, especially on the FT. He linked the demise of the absolute return funds to the relationship Hayward had with Australian financier Lex Greensill and industrialist Sanjeev Gupta.

Just to be clear the internal enquiry, the FCA examination and the sustained attention from the investigations team at the FT, Tom Bergin at Reuters, and John Collinrigdge at the Sunday Times, produced no evidence that any investment guidelines had been broken. In other words, Tim Hayward had done nothing wrong in his dealings with Greensill and Liberty Steel. He had used his work email for personal use and failed to declare two flights, one of which was to go on holiday. If these matters had been handled internally as the GAM team would have preferred, there would have been no liquidation of the absolute return bond fund, no redundancies and no 92% fall in GAM's profits.

[Last July](#) Hayward reached an amicable settlement at the [employment tribunal](#) with GAM and has now stated that he would rejoin the firm if asked. Back in February 2019, Haywood, speaking to International Investment, said that "[After 15 months of investigations](#), most of the allegations have been dropped. 'The remaining allegations levelled against me do not by any stretch constitute gross misconduct, even if they weren't substantially disputed, which they are. I am exploring all legal options and look forward to the opportunity to clear my name and return to work.'" GAM themselves confirmed that there had been "no departure from 'a legitimate investment strategy' from Haywood." Adding that "no evidence had emerged of 'material client detriment to date.'" Indeed, none has ever been found.

So what really happened at GAM. With performance of their star product beginning to slide, the two co-managers, Daniel Sheard and Tim Hayward, came up with different responses. Hayward, had already pulled ahead of Sheard, he was heavily featured in the 2016 Annual Report and +rated at CityWire. He wanted to pursue more deals with Lex Greensill and Sanjeev Gupta. These would allow the performance of the funds to recover. It is not clear what positive strategy Sheard had as an alternative. Only that he didn't want to do that. The pressure became too much for him. He set out to destroy Hayward and he blamed Greensill and Gupta for the difficult situation he found himself in. But in destroying Hayward something seemed to snap in Sheard. He went to the press and has continued to pursue a crusade against Greensill and Gupta by sliding from a whistle blower to an anonymous source for the FT and other newspapers. The workforce and profits at GAM have been decimated. The negative stories are undermining confidence in the Gupta Family Group which employs 35,000 people globally. What is clear is that there was no wrong doing by Hayward in his dealings. Certainly some corners were cut and there was poor record keeping. But Sheard's fevered mental state took this completely out of proportion. Judging on the evidence of the Sunday Times article on Gupta, Sheard's mental state remains fixated on those he blames for his demise. But in the end in reviewing this sorry tale, it is hard not to include that the only person who has behaved wrongly in all this is Daniel Sheard. It is hardly surprising that GAM sacked him. Very unusual treatment of a whistle blower but indicative of how he was seen by the company and his colleagues who knew the inside story of the fall of the house of GAM.

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