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Dan Loeb works with Prep for Prep: Betting on the Best

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By Danielle Beurteaux

Getting talented kids into an environment where they're appreciated and encouraged. Identifying and investing in potential. Broadening horizons. These are the goals of the nonprofit group Prep for Prep, says Dan Loeb, a trustee. "It's about creating an intellectual culture and stimulating development."

Loeb, 47, should know. As chief executive and founder of Third Point, a \$1.8 billion event-driven firm, he has been the hedge fund industry's biggest supporter of Prep for Prep, a 31-year-old program that grooms New York City's brightest minority public school students for entry into the area's top independent schools. Loeb speaks of his own undergraduate years at Columbia University as a defining experience. "I got so much out of my education," he says. "I want people who have merit but not the economic advantages to have the opportunities to succeed."



Prep isn't just about funneling underprivileged kids into posh schools. Developing leadership skills is also a big focus. "The real point is the viral nature of the program," says Loeb. Alums, he says, "come back to their communities and show what's possible."

Entry to the program comes only after a stringent vetting process. Students in grades five through seven who have scored in the top of New York State's English Language Arts test are nominated for entry and then undergo a raft of cognitive and academic evaluations. Less than 6% of the nominees are admitted to the 14-month program, which prepares students for independent schools through intensive coursework in writing skills, math and laboratory science. Prep also helps students and their families identify and apply to private day or boarding schools. While Prep does not pay tuition, it does help students secure financial aid. Continuing support programs include counseling and an emergency fund. "They get to the kids when they're 10 years old and they stick with them through high school," says Loeb. "It's really something that stays with them for life."

Like many other foundations, Prep is feeling the effects of the recession and, for the first time, has had to draw on its \$22 million endowment. Prep's annual fund-raising event, the Lilac Ball, normally contributes a third of the organization's annual budget. This year, the event raised \$2.1 million, down from \$3.4 million in 2008. One of Loeb's goals is to increase involvement. Says Loeb: "I think there's an opportunity for us to tap into the hedge fund

world a little bit more."

One beneficiary of Prep is L'Quentus Thomas, who entered the program as a seventh grader from Brooklyn's Crown Heights neighborhood. Thomas went on to Trinity School in Manhattan, then earned a B.A. from Amherst College and an M.B.A. from New York University's Stern School of Business. Now 34, Thomas is a senior associate at a private equity firm in New York City. His experiences during school included trips to Brazil, Kenya and South Africa, as well as serving as a White House intern during the first Clinton Administration. "Prep for Prep was integral to exposing me to all of those things," says Thomas.

Loeb remembers meeting a group of Prep students who wanted to know what a hedge fund was. He told them: "It's seeing potential where other people don't. It's a lot like Prep."

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