



The Early Years

Stark Investments was founded in 1992, but the inspiration behind its inception occurred almost twenty years earlier when Brian Stark, still attending high school, read *Beat The Market* by Edward O. Thorp (1967). Fascinated by Thorp's proposition that quantitative investment methods could be applied to systematically outperform the market, Brian began investing limited amounts of family capital with his father's support.

Intrigued by the high returns consistently generated, which conflicted with the efficient market theory then in academic vogue, Brian used his coursework at Brown University to statistically prove the inefficiency of the warrant market and prepared an outline for a book on hedging and arbitrage. In 1977, while enrolled at Harvard Law School, Brian wrote the initial draft of what eventually became *Special Situation Investing, Hedging, Arbitrage and Liquidation*, published by Dow Jones (1983).

Following a clerkship with a Federal Court of Appeals judge, Brian joined a litigation boutique in Denver, Colorado in 1981, where he subsequently made Partner. In 1986, Brian left the practice of law to pursue a full-time career in investments.

Based on his book and personal investment track record, Brian began managing an alternative investment vehicle with \$1 million of capital invested by an external fund of funds investor. Following his move to New York City, Brian navigated this portfolio through the equity market crash of 1987. The ensuing growth of capital under management prompted Brian to offer Mike Roth, a friend from Harvard Law School, the opportunity to join him. Mike accepted and soon began trading Japanese warrants as part of an expanding arbitrage portfolio invested in both the domestic and foreign convertible markets.

In 1992, with \$400 million of capital then under management, Brian decided to end his relationship with his original capital providers to launch Stark Investments, co-founded with Mike Roth in an office in Greenwich, Connecticut. The former Harvard classmates, having both grown up in Wisconsin, shared an affinity for the region and decided to return to their roots to build their new business. Stark Investments was relocated to Mequon, Wisconsin, a suburb of Milwaukee, in 1993. Stark moved to its current headquarters in 2002.