



International Bar Association

20th Annual International Conference on Private Investment Funds
InterContinental Park Lane, London, England

Litigation and regulatory actions – current trends

RECENT SEC ENFORCEMENT ACTIONS AGAINST PRIVATE FUND ADVISERS



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March 11, 2019

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While the number of cases the SEC's Division of Enforcement brought last year is roughly consistent with past years, the focus of those cases is clearly shifting to the SEC's stated goal of addressing matters impacting "retail" investors. Certainly cases against private fund advisers were brought in the last year and they will continue to be brought. However, the majority of the cases involving investment advisers brought by the SEC over the past 12 months involved retail advisers and issues - a current priority for the SEC that is unlikely to change absent a material market development.

Looking back over the SEC's private fund cases, we see the usual topics of disclosures and conflicts of interest, expense allocations, fee issues, and valuation. It is reasonable to expect that we will see more cases in these areas over the next 12 months. Less common topics among the cases included cyber security, crypto asset issues, short selling fraud, and a sweep of firms that failed to file Form PF. Looking back at cases brought last year, however, is a less than perfect predictor of what cases the SEC's Division of Enforcement is focusing on now, since the cases have usually spent years in the enforcement process prior to being announced, and generally reflect conduct and the SEC's focus from several years ago. One notable aspect of some of the cases is the extent to which the SEC appears to have credited self-reporting, remediation before being contacted by the Division of Enforcement, and meaningful cooperation by advisers during the SEC's investigation. There is certainly an advantage for advisers to identify and thoughtfully remedy potential issues on their own and before an SEC examiner (never mind Enforcement) comes across the matter. Similarly, swift action to identify problems and chart an appropriate course of action at the outset of an examination or upon an initial inquiry from Enforcement can make a material difference in the ultimate outcome for the firm and the individuals involved. Another notable aspect is the relative absence of insider trading cases involving private funds. In the past 18 months there was only one action alleging insider trading by a fund adviser, and that case was really just a "clean up" action against a firm whose portfolio managers had been sued by the SEC for the insider trading back in 2016.

Looking ahead, we will continue to see disclosure, conflicts, expense allocation, and fee cases in the private fund area. One somewhat new area to keep an eye on in the coming year or two is cyber security. The SEC has been clear that cyber security is an area of focus and an examination priority for OCIE (which then feeds cases to Enforcement). It's also a topic frequently in the news and frightening to many investors and customers of financial services firms, so expect the SEC to push the industry toward greater vigilance through the tools at its disposal, including enforcement actions. In particular, the SEC is likely to not only police the requirement that advisers have policies addressing cyber security issues, but also to substantively assess the effectiveness of those policies and actual responses to cyber intrusions.

However, the SEC's level of enforcement activity in the upcoming year remains to be seen. The agency continues to labor under budget pressure and a hiring freeze, which has left it understaffed by at least 10%. The Supreme Court's *Kokesh* decision, effectively preventing the SEC from obtaining monetary relief for conduct that occurred more than five years ago, likely derailed some private fund cases that were in Enforcement's pipeline. A second Supreme Court decision, *Lucia*, found the SEC's manner of appointing administrative law judges to have been unconstitutional. What that means is that the SEC may need to re-try over a hundred administrative proceedings that had been presided over by improperly appointed judges. The Enforcement staff time required for that effort is considerable, and means that less staff time is available for current investigations.

The cases outlined below are the more significant SEC private fund enforcement cases brought in the last 18 months. They are roughly organized by topic and the title of each case has a link to the SEC's materials on the case (in electronic forms of this document). At the end of the case summaries there is a chart listing all (or as many as we could identify) of the investment adviser "stand alone" SEC enforcement actions brought in the last 18 months. Note that with only a few exceptions, all of the cases discussed below were settled actions. The descriptions of the conduct are from the SEC's allegations (which were not proven) and the advisers and individuals all settled the cases without admitting or denying those allegations.

Disclosures and Conflicts of Interest

At the center of the Investment Advisers Act is the adviser's fiduciary duty to clients, and no topics are more important in fiduciary relationships than conflicts of interest and full disclosure. While the facts of the cases may change, conflict disclosure has been a recurring theme in investment adviser enforcement actions for decades and will continue to be. While there does not appear to be any concerted effort to focus on these cases, certainly in the course of examinations of private funds these issues will continue to be identified and the Division of Enforcement will continue to bring these cases.

[*In the Matter of VSS Fund Mgmt., LLC, et al.*](#), SEC IA Release No. 5001 (September 7, 2018).

Adviser to private equity funds failed to disclose material information to investors in connection with an offer by the firm's principal to purchase the limited partners' interests. The firm's principal offered to purchase LP's interests in-kind (the interests in the two portfolio companies held by the fund) at the year-end audited NAV. The firm thereafter learned that both of the fund's remaining portfolio companies had increases in earnings and as a result the firm's finance department created preliminary documents showing an

increase in the fund's NAV. Despite this information, the principal changed the structure of the transaction from a purchase in-kind to a purchase of the LP's limited partnership interests, but the price offered remained the same and no disclosure of the information suggesting an increased NAV was disclosed. In a settled action, the adviser was ordered to pay a civil penalty of \$200,000.

[In the Matter of Michael Devlin](#), SEC IA Release No. 4973 (July 19, 2018).

Chief Compliance Officer of an adviser to private equity funds failed to disclose and receive client approval for a transaction in which he had a conflict of interest. The CCO arranged for one of the adviser's funds to invest in a subsidiary of a portfolio company on the condition that some of the proceeds be used to purchase a personal investment from the CCO that he had previously made. The CCO did not disclose the transaction to the limited partner advisory committee or receive the LPAC's consent, as required by the adviser's policies and the fund's LPA. In settling the matter, Devlin was ordered to pay a civil penalty of \$80,000 and barred from association with an investment adviser and other industry entities (with a right to apply for re-admission after one year).

[In the Matter of Yucaipa Master Manager, LLC](#), SEC IA Release No. 5074 (Dec. 13, 2018).

Adviser to private equity funds failed to disclose (i) that funds were charged for work performed by certain employees of the adviser, and (ii) arrangements with two service providers that posed actual or potential conflicts of interest. First, the adviser had the funds pay approximately \$570,000 for a portion of the cost of two employees who worked on the funds' tax matters. While the funds' documents disclosed that the funds would bear the cost of tax work, they also stated that the adviser would bear the costs of adviser's employees. The adviser failed to disclose that the funds were paying a portion of the adviser's employee costs and how the allocation of the employees' costs was made across the funds. Second, adviser's principal, with no disclosure, lent money to a consultant to one of the funds that was secured by fees to be received from the fund. A second consultant, again without disclosure, was paid by a fund but also performed services for the principal's personal investments (where some portion of the consultant's fee should have been borne by the principal's personal investments). In addition, the principal acquired a 25% profit interest in the second consultant and the adviser failed to offset the funds' advisory fees by the amounts the principal received from the consultant (as required by the funds' documents). The adviser voluntarily reimbursed the funds before the action was brought, which the SEC acknowledged in the order. The adviser was ordered to retain a compliance consultant, pay disgorgement of almost \$2 million, and pay a civil penalty of \$1 million in settling the case.

[*In the Matter of LendingClub Asset Mgmt., LLC*](#), SEC IA Release No. 5054 (Sept. 28, 2018).

Adviser to private funds that purchased loan interests from LendingClub Corporation caused a private fund it managed to purchase certain loans that were at risk of expiring unfunded on the LendingClub platform. The purchase was inconsistent with the allocation procedures that had been disclosed to investors, and was done for the benefit of LendingClub Corporation and not the fund. In addition, the returns of certain funds reported to investors were improperly adjusted upwards. In settling the matter, the adviser was ordered to pay a civil penalty of \$4 million. Interestingly, the SEC publicly stated that no action was brought against LendingClub Corporation because it promptly self-reported the matter to the SEC, “thoroughly” remediated the matter, and provided “extraordinary” cooperation to the SEC staff.

[*In the Matter of Aria Partners GP, LLC*](#), SEC IA Release No. 4991 (August 22, 2018).

Adviser to private funds failed to disclose to all investors the options for redemption of their investments. The adviser maintained an informal policy of allowing partial redemptions on less than the 90 day notice period required by the LPA. In addition, an employee mistakenly informed some investors that a full redemptions were available on 60 days’ notice, and at least one investor was fully redeemed on only 60 days’ notice. The adviser did not disclose to all investors that redemptions were available on less than 90 days’ notice and its policies and procedures concerning redemptions were deficient. In the settled matter, the adviser was ordered to pay a civil penalty of \$150,000. Reflecting a weakness of settled enforcement actions, there is little explanation of exactly why the conduct was a violation. Most hedge fund documents allow the adviser discretion to selectively waive redemption periods, so routine deviations from redemption requirements that do not adversely impact other investors should not pose a problem. In this case it was likely the fact that the fund was experiencing poor performance and similarly situated investors were treated differently, resulting in different redemption returns among investors, that contributed to the case being brought.

Expense Allocations

While not a new area, the SEC continues to bring expense allocation cases against private fund advisers. These cases remind advisers that allocation issues arise in many different contexts, and that accurate and specific disclosure of allocation matters is what the SEC expects. Internally, advisers are well-advised to devote appropriate time and attention to addressing and documenting expense allocation decisions.

[In the Matter of Lightyear Capital LLC](#), SEC IA Release No. 5096 (December 26, 2018).

Adviser to private equity funds managed client funds, as well as employee funds that co-invested with the client funds and co-investors that were allowed to separately invest in certain deals. The adviser allocated certain expenses, including broken deal, legal, consulting, insurance, and other expenses solely to the client funds. No disclosure was made that the employee funds and co-investors would not be allocated any portion of the expenses related to the investments. In addition, the adviser had an undisclosed fee-sharing agreement with certain co-investors. The fees the adviser received from portfolio companies were supposed to offset the fees paid to the adviser by the client funds. The undisclosed sharing of the fees with co-investors reduced the client funds' management fee offset and increased the management fee they paid to the adviser. The SEC considered the fact that the adviser had reimbursed the client funds promptly when the issue was brought to the adviser's attention during an exam and before it had been contacted by the Division of Enforcement. Since the funds had been reimbursed, there was no disgorgement in the settlement, and the adviser was ordered to pay a civil penalty of \$400,000.

[In the Matter of Fifth Street Management, LLC](#), SEC IA Release No. 5070 (December 3, 2018).

Adviser to BDCs misallocated rent, overhead, and employee compensation to the BDCs. While the compensation of employees working for the BDCs were correctly allocated to the BDCs, all of the rent (in space which was also used by the adviser) and all overhead expenses associated with employees was allocated to the BDCs. In addition, two employees' compensation was misallocated to the BDCs because they worked on unrelated matters for an affiliate of the adviser. The adviser also failed to properly flag incorrect or unreasonable valuation model inputs, which resulted in incorrect valuations of the BDC's assets. Finally, the adviser failed to establish and maintain appropriate insider trading policies because some employees simultaneously worked for the adviser's BDC clients and hedge fund clients. The firm's policies did not address the fact that the employees learned material, nonpublic information about the BDCs' portfolio companies while working on the BDCs that could be used in making investment decisions for the hedge funds. In the settlement, the adviser was ordered to pay disgorgement of approximately \$2.3 million and a civil penalty of \$1.65 million. The insider trading policies aspect of this case is somewhat unique and worth consideration by advisers who have hybrid public/private equity investment strategies.

[*In the Matter of NB Alternatives Advisers LLC*](#), SEC IA Release No. 5079 (Dec. 17, 2019).

Adviser to private equity funds misallocated the expense of certain employees who did not spend all of their time on fund-related matters. Approximately \$2 million, or 7%, of fund reimbursed employee compensation was not related to fund activity, and not in accord with the limited partnership agreements or investment management agreements. The adviser was ordered to pay disgorgement of approximately \$2.3 million (to be distributed to the LPs impacted) and a civil penalty of \$375,000 in settling the case.

Fees

Many of these cases are a species of conflict disclosure cases, but regardless, the accuracy of fees charged to clients and disclosure of all compensation advisers receive, and the related conflicts that compensation may pose, are high priorities in examinations of private fund advisers and will continue to receive attention from the Division of Enforcement. These cases remind advisers that conflict disclosures must be made before investors make their investments, and if not, disclosed and approved by an LPAC or the investors as a whole.

[*In the Matter of TPG Capital Advisors, LLC*](#), SEC IA Release No. 4830 (December 21, 2017).

Adviser to private equity funds failed to disclose at the time investors committed capital that it may accelerate the payment of future monitoring fees from portfolio companies. The acceleration of monitoring fees was a conflict of interest, and therefore the adviser could not consent to the practice on behalf of its funds. The adviser did disclose the acceleration of the fees and the amount when it occurred, but it had failed to do so at the time investors made their capital commitments. The SEC noted the adviser's cooperation in the investigation in its order. Nevertheless, in settling the matter the adviser was ordered to pay almost \$10 million in disgorgement, plus a civil penalty of \$3 million.

[*In the Matter of THL Managers V, LLC, et al.*](#), SEC IA Release 4952 (June 29, 2018).

Adviser to private equity funds failed to disclose to all investors at the time they committed capital that the adviser may receive accelerated fees upon the early termination of agreements with portfolio companies. Despite various forms of disclosure to many, but not all of the investors, the SEC found an undisclosed conflict of interest. The SEC order notes that the adviser cooperated with the

SEC's investigation and was "extremely prompt and responsive" in responding to the SEC's requests. In settling the matter, the respondents were ordered to pay disgorgement of approximately \$5 million and a civil penalty of \$1.5 million.

[*In the Matter of WCAS Management Corporation*](#), SEC IA Release No. 4896 (April 24, 2018).

Adviser to private equity funds failed to disclose compensation received from group purchasing organization (GPO) used by the adviser's portfolio companies and the conflict it created. The GPO aggregated the spending of portfolio companies on items such as office supplies to obtain volume discounts from certain vendors. The GPO entered into an agreement with the adviser to share a portion of the fee the GPO received from vendors. The arrangement with the GPO was not disclosed to investors. After being contacted by the SEC's Division of Enforcement the adviser ceased accepting fees from the GPO, which was credited by the SEC as a voluntary remedial measure. The adviser was ordered to pay disgorgement of almost \$700,000 and a civil penalty of \$90,000 in settling the matter.

[*In the Matter of Aisling Capital, LLC*](#), SEC IA Release No. 4951 (June 29, 2018).

Adviser to VC funds failed to offset consulting fees received from portfolio companies against the management fees paid by the funds (as was required by the fund documents). The conduct resulted in the funds paying almost \$800,000 more than they should have in management fees to the adviser. When contacted by the SEC's Division of Enforcement, the adviser voluntarily repaid the funds. In settling the matter, the adviser was ordered to pay a civil penalty of \$200,000 (there was no disgorgement since the funds had been repaid).

Valuation

Asset valuation is a constant area of interest to the SEC. Firms with illiquid or hard to value investments should give considerable thought to their valuation processes and oversight of those processes. Leaving the valuation process, or sole control of material inputs to the process, in the hands of the portfolio managers responsible for fund performance is not a recommended practice (some alternative approaches are a valuation committee with members from outside the portfolio management group or the use of a third-party valuation service). One can imagine that if we begin to see the expected deflation of asset values, the scrutiny of valuation practices will increase and the number of valuation cases will trend higher.

[*In the Matter of Visium Asset Management, LP*](#), SEC IA Release No. 4909 (May 8, 2018).

Adviser to private funds inflated the value of OTC bonds and loans by obtaining “sham” broker quotes. The sham quotes, obtained from “friendly” brokers, were used to override available prices from established pricing sources. The scheme resulted in month-end NAV being overstated by 2.4% to 7.2%, year-end NAV by 5.1% and 7%, and a total of \$3.1 million of ill-gotten fees being paid to the adviser. The scheme also resulted in the false appearance that certain distressed investment had observable pricing inputs and false statements about the firm’s valuation policies. In addition, an insider trading claim was brought against the firm in connection with an insider trading case brought in 2016 against two portfolio managers at the firm. In settling the matter, the adviser was ordered to pay disgorgement of \$5.4 million and a civil penalty of \$4.7million.

[*SEC v. Premium Point Investments LP, et al.*](#), SEC Litigation Release No. 24138 (May 9, 2018).

Adviser to hedge funds falsely inflated fund values as performance was deteriorating and investors were redeeming. First, inflated price quotes were received from a “friendly” broker. Second, the firm improperly calculated the mid-point price of certain securities (which is how the firm priced securities). The matter was filed as a contested district court case, and the US Attorney for the Southern District of New York simultaneously announced criminal charges against the individuals.

[*In the Matter of Aberon Capital Mgmt., LLC, et al.*](#), SEC IA Release No. 4914 (May 24, 2018).

To conceal massive losses, an adviser to hedge funds prepared false NAV statements and misrepresented the funds’ performance. The adviser’s managing member was barred from association with an investment adviser and other industry entities (with a right to apply for re-admission) and ordered to pay a civil penalty of \$160,000 in settling the matter.

Cyber Security and Crypto Matters

Crypto headlines have receded notably compared to just a year ago, but crypto related private fund formation continues. The regulatory issues surrounding crypto assets will therefore continue to be of interest to some private fund advisers. Cyber security issues, especially as they intersect with privacy and personal data protection requirements, are an important business risk for all advisers. While the SEC’s cyber enforcement efforts have not focused specifically on private fund advisers, look for increased scrutiny of the area by the SEC’s examiners and Enforcement staff.

[*In the Matter of Voya Financial Advisors, Inc.*](#), SEC IA Release No. 5048 (September 26, 2018).

Although involving a dual registered broker-dealer/investment adviser, and not an adviser to private funds, the case is notable for a few aspects relevant to private fund advisers. First, it was the first case brought under regulation S-ID (the Identity Theft Red Flags Rule). Second, although framed in terms of adequate policies and procedure, to an extent the SEC was opining on the adequacy of the protective measures taken by a registrant and the adequacy (and speed) of a response to a cyber intrusion. This stands in some contrast to prior cases which only sanctioned advisers who had no policies at all. Although too early to tell, this case may be the beginning of a trend of the SEC examining more closely the substantive effectiveness of advisers' cyber security policies and actual responses to intrusions. Therefore, and although private fund advisers are less vulnerable to cyber intrusions as compared to separate account advisers, private fund advisers can expect the SEC's examiners to begin looking at the adequacy of cyber protection policies on a more substantive basis and also to the possibility of an enforcement action if a successful intrusion occurs. In settling the matter, the respondents were ordered to pay disgorgement of \$3.1 million and a civil penalty of \$500,000.

[*In the Matter of Crypto Asset Mgmt., LP, et al.*](#), SEC IA Release No. 5004 (September 11, 2018).

Adviser to a crypto private fund engaged in a public offering of its unregistered securities, acted as an unregistered Investment Company because over 40% of its assets were or were to be investment securities, and it misrepresented to the public that it was the "first crypto asset fund in the United States." In settling the case, the adviser agreed to pay a civil penalty of \$200,000. While blowing the private offering exemption and the misrepresentation claims are not novel or noteworthy, the allegation of acting as an unregistered investment company is a good indication that the SEC views just about every crypto asset as a security. This conclusion holds significant regulatory consequences for all businesses dealing with crypto assets that held out any hope of being outside of the US securities regulatory system based on the assets not being considered securities.

Short Selling

Does anyone need a reminder that spreading false information to drive the price of a stock down (or up) is illegal? The case below, however, is significant in being the first enforcement action against an alleged "short and distort" scheme - a topic that has received an increasing amount of publicity lately.

[*SEC v. Gregory Lemelson and Lemelson Capital Management*](#), SEC Litigation Release No. 24267 (September 13, 2018).

Hedge fund adviser established a short position in a company's stock then disseminated false information to drive the company's stock price down. The price of the stock declined by approximately one-third during the alleged scheme. The case was filed as a contested district court action.

Broken Windows?

The SEC continues to bring “technical” cases against private fund advisers despite the apparent implicit repudiation of a so-called “broken windows” approach to enforcement. The reality is that the SEC always will, and should, to some degree police technical regulatory requirements. First, most of the technical rules have an underlying investor and market protection purpose and are therefore important, if not dramatic, matters. Second, periodic enforcement across the spectrum of the securities laws is necessary to ensure compliance with the existing rules. Below are a few cases arguably falling into this category.

Form PF Sweep

On June 1, 2018, the SEC announced actions against 13 private fund advisers for repeated failures to file Form PF. Form PF is required to be filed by private fund advisers managing more than \$150 million. The information on Form PF is used by the SEC for, among other things, risk monitoring, identifying industry trends, rule making, and targeting firms for examinations and enforcement investigations. The advisers involved each paid a civil penalty of \$75,000. The case is a good reminder that even in a post-“broken windows” world, the SEC will still be monitoring and enforcing routine regulatory requirements. The SEC's release is linked [here](#).

Custody Rule

[*In the Matter of New Silk Route Advisors, L.P.*](#), SEC IA Release No. 4970 (July 17, 2018).

Advisor to private equity funds violated the custody rule by failing to distribute audited financial reports to investors within the time frame required by the rule. The firm also failed to have adequate policies and procedures to ensure compliance with the custody rule. In settling the case, the adviser was ordered to pay a civil penalty of \$75,000.

Cross Trades and Principal/Agency Trades

[In the Matter of Cushing Asset Management, LP](#), SEC IC Release No. 33226 (September 14, 2018).

Adviser to hedge and mutual fund, despite seeking advice of counsel, caused hedge fund to sell securities to mutual fund in a manner disallowed by the Investment Company Act. In settling the matter, the adviser was ordered to pay a civil penalty of \$100,000.

[In the Matter of Ophrys, LLC](#), SEC IA Release No. 5041 (September 21, 2018).

Adviser to private funds failed to disclose and obtain client permission for agency transactions for which the adviser received compensation in addition to its advisory fee, and failed to disclose principal role in a transaction. In settling the matter, the adviser was ordered to pay a civil penalty of \$500,000.

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The matters discussed herein reflect the author's personal opinions, are for informational purposes only, and is not legal advice. If you would like an electronic copy of this document with active links to the cases outlined, please send an email request to jraissi@sflaw.com.

<u>Name</u>	<u>Venue</u>	<u>SEC Ref.</u>	<u>Date</u>	<u>IA Type</u>	<u>Summary</u>	<u>Link</u>
<u>SEC FY 2018</u>						
SEC v. Tweed Financial Services, Inc., et al.	Fed. Court	LR-23959	10/2/2017	Hedge	Concealed losses	https://www.sec.gov/litigation/litreleases/2017/lr2395
SEC v. John H. Rogicki	Fed. Court	LR-23970	10/19/2017	Sep. Acct.	Theft	https://www.sec.gov/litigation/litreleases/2017/lr2397
SEC v. Mohammed Ali Rashid	Fed. Court	LR-24093	10/25/2017	PE (Apollo)	Theft from PE funds	https://www.sec.gov/litigation/litreleases/2018/lr2409
In the Matter of Canterbury Consulting, Inc.	AP	34-81959	10/26/2017	Sep. Acct.	Failure to supervise cherry picking (Krueger, below)	https://www.sec.gov/litigation/admin/2017/34-81959
In the Matter of Kenneth P. Krueger	AP	33-10430	10/26/2017	Sep. Acct.	Cherry picking	https://www.sec.gov/litigation/admin/2017/33-10430
SEC v. Jay Costa Kelter	Fed. Court	LR-23984	11/9/2017	Sep. Acct.	Theft	https://www.sec.gov/litigation/litreleases/2017/lr2398
In the Matter of Paritosh Gupta, et al.	AP	IA-4820	12/5/2017	Hedge	Theft of info from employer firm	https://www.sec.gov/litigation/admin/2017/ia-4820.pc
In the Matter of Brahman Capital Corp.	AP	IA-4819	12/5/2017	Hedge	Failure to supervise above (Gupta)	https://www.sec.gov/litigation/admin/2017/ia-4819.pc
In the Matter of Institutional Investor Advisers, Inc.	AP	33-10443	12/8/2017	Mutual	Advertising (F Squared)	https://www.sec.gov/litigation/admin/2017/33-10443
SEC v. Mohlman Asset Management, LLC, et al.	Fed. Court	LR-24011	12/8/2017	Hedge	Conflicts/disclosures/custody	https://www.sec.gov/litigation/litreleases/2017/lr2401
In the Matter of Horter Investment Management, LLC	AP	IA-4823	12/8/2017	Sep. Acct.	Advertising (F Squared)	https://www.sec.gov/litigation/admin/2017/ia-4823.pc
In the Matter of Ameriprise Financial Services, Inc.	AP	34-82244	12/8/2017	Sep. Acct.	Policies re employee theft	https://www.sec.gov/news/press-release/2018-154
SEC v. Westport Capital Markets, LLC, et al.	Fed. Court	LR-24007	12/11/2017	Sep. Acct.	Undisclosed compenastion	https://www.sec.gov/litigation/litreleases/2017/lr2400
In the Matter of Coastal Equities, Inc., et al.	AP	34-82282	12/11/2017	Sep. Acct.	Failure to supervise re employee theft	https://www.sec.gov/litigation/admin/2017/34-82282
In the Matter of Packerland Brokerage Services, Inc., et al.	AP	34-82383	12/21/2017	Sep. Acct.	MF Share class	https://www.sec.gov/divisions/enforce/claims/packerl
In the Matter of TPG Capital Advisors, LLC	AP	IA-4830	12/21/2017	PE	Fee disclosure	https://www.sec.gov/divisions/enforce/claims/tpg-capi
In the Matter of Southwind Associates of NJ, Inc.	AP	34-82397	12/22/2017	Mixed	Custody rule and various	https://www.sec.gov/litigation/admin/2017/34-82397
SEC v. Robert Gaughran, et al.	Fed. Court	LR-24022	12/22/2017	Sep. Acct.	Aiding and abetting theft	https://www.sec.gov/litigation/litreleases/2017/lr2402
In the Matter of Train, Babcock Advisors, LLC	AP	34-82399	12/22/2017	Sep. Acct.	Custody and various related to above	https://www.sec.gov/divisions/enforce/claims/train.ht
In the Matter of Team Financial AssetManagement, LLC, et al.	AP	33-10448	12/22/2017	Mutual	Disclosure re strategy change	https://www.sec.gov/litigation/admin/2017/33-10448
In the Matter of LKL Investment Counsel, LLC	AP	IA-4836	1/3/2018	Sep. Acct./m	ADV disclosure / various	https://www.sec.gov/litigation/admin/2018/ia-4836-s
In the Matter of John Tarpinian	AP	34-82509	1/17/2018	Sep. Acct.	Principal trdaes and undisclosed comp	https://www.sec.gov/litigation/admin/2018/34-82509
In the Matter of Gemini Fund Services, LLC	AP	IA-4847	1/22/2018	Mutual	Causing NAV error (fund administrator)	https://www.sec.gov/divisions/enforce/claims/gemini-f
In the Matter of AmericaFirst Capital Management	AP	33-10454	1/23/2018	Sep. Acct.	Disclosures (investment in IA itself)	https://www.sec.gov/enforce/33-10454-s
SEC v. James S. Polese, et al.	Fed. Court	LR-24037	1/31/2018	Sep. Acct.	Theft and various	https://www.sec.gov/litigation/litreleases/2018/lr2403
SEC v. Strong Investment Management, et al.	Fed. Court	LR-24054	2/20/2018	Sep. Acct. Ac	Cherry picking	https://www.sec.gov/litigation/litreleases/2018/lr2405
In the Matter of Financial Fiduciaries, LLC, et al.	AP	IA-4863	3/5/2018	Sep. Acct. Ac	Custody rule	https://www.sec.gov/litigation/admin/2018/ia-4863.pc
In the Matter of Valor Capital Asset Management, LLC, et al.	AP	34-82816	3/6/2018	Sep. Acct. Ac	Cherry picking	https://www.sec.gov/news/press-release/2018-36
In the Matter of Voya Investments, LLC, et al.	AP	34-82837	3/8/2018	Mutual	Disclosure of conflicts	https://www.sec.gov/news/press-release/2018-35
In the Matter of Clayborne Group, LLC, et al.	AP	IA-4875	4/5/2018	Hedge	Improper SEC registration/various	https://www.sec.gov/enforce/ia-4875-s
In the Matter of Securities America Advisors, Inc.	AP	IA-4876	4/6/2018	Sep. Acct.	MF share class	https://www.sec.gov/news/press-release/2018-62
In the Matter of Geneos Wealth Management, Inc.	AP	34-83003	4/6/2018	Sep. Acct.	MF Share class	https://www.sec.gov/litigation/admin/2018/34-83003
In the Matter of PNC Investments, LLC	AP	34-83004	4/6/2018	Sep. Acct.	MF Share class	https://www.sec.gov/litigation/admin/2018/34-83004
In the Matter of Arlington Capital Management, Inc., et al.	AP	IA-4885	4/16/2018	Sep. Acct.	Backtested performance results	https://www.sec.gov/litigation/admin/2018/ia-4885.pc
In the Matter of WCAS Management Corporation	AP	IA-4896	4/24/2018	PE	Disclosure of compensation	https://www.sec.gov/enforce/ia-4896-s
In the Matter of SEI Investments Global Funds Services	AP	IC-33087	4/26/2018	Mutual	Pricing and administration of money mkt fund	https://www.sec.gov/litigation/admin/2018/ic-33087.p
In the Matter of Visium Asset Management, LP	AP	33-10494	5/8/2018	Hedge	Asset valuation and insider trading	https://www.sec.gov/news/press-release/2018-81
In the Matter of Steven Ku	AP	IA-4910	5/8/2018	Hedge	Failure to supervise employees above (Visium)	https://www.sec.gov/litigation/admin/2018/ia-4910.pc
SEC v. Premium Point Investments LP, et al.	Fed. Court	LR-24138	5/9/2018	Hedge	Asset valuation	https://www.sec.gov/litigation/litreleases/2018/lr2413
SEC v. William M. Jordan	Fed. Court	LR-24142	5/15/2018	Hedge	Theft and various disclosure issues	https://www.sec.gov/litigation/litreleases/2018/lr2414
In the Matter of Aberon Capital Management, LLC, et al.	AP	IA-4914	5/24/2018	Hedge	Misrepresentations re performance and assets	https://www.sec.gov/litigation/admin/2018/ia-4914.pc
In the Matter of Bristol Group, Inc.	AP	IA-4922	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Biglari Capital, LLC	AP	IA-4920	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Brahma Management, Ltd.	AP	IA-4921	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of CAI Managers & Co., L.P.	AP	IA-4923	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Cherokee Investment Partners, LLC	AP	IA-4924	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Ecosystem Investment Partners, LLC	AP	IA-4925	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100

In the Matter of Elm Partners Management, LLC	AP	IA-4926	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of HEP Management Corporation	AP	IA-4927	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Prescott General Partners, LLC	AP	IA-4928	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of RLJ Equity Partners, LLC	AP	IA-4929	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Rose Park Advisors, LLC	AP	IA-4930	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Veteri Place Corporation	AP	IA-4931	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Bachrach Asset Management, Inc.	AP	IA-4919	6/1/2018	Private fund	Form PF sweep	https://www.sec.gov/news/press-release/2018-100
In the Matter of Lyxor Asset Management, Inc.	AP	IA-4932	6/4/2018	Sep. Acct.	Undisclsoed conflicts re fees from 3rd party	https://www.sec.gov/enforce/ia-4932-s
In the Matter of deVere USA, Inc.	AP	IA-4933	6/4/2018	Sep. Acct.	Undisclosed conflicts re fees from 3rd parties	https://www.sec.gov/news/press-release/2018-101
SEC v. Benjamin Alderson, et al.	Fed. Court	LR-24157	6/4/2018	Sep. Acct.	Undisclosed conflicts (re deVere, above)	https://www.sec.gov/news/press-release/2018-101
In the Matter of Gary W. Freeman	AP	34-83382	6/5/2018	Sep. Acct.	Cherry picking	https://www.sec.gov/litigation/admin/2018/34-83382
SEC v. Edward Lee Moody, Jr., et al.	Fed. Court	LR-24184	6/27/2018	Sep. Acct.	Ponzi scheme	https://www.sec.gov/litigation/litreleases/2018/lr2418
In the Matter of THL Managers V, LLC, et al.	AP	IA-4952	6/29/2018	PE	Undisclsoed conflict re acclerated fees	https://www.sec.gov/litigation/admin/2018/ia-4952.pc
In the Matter of Bruce A. Hauptman, et al.	AP	IA-4950	6/29/2018	Hedge	Theft and misrepresentations	https://www.sec.gov/litigation/admin/2018/ia-4950.pc
In the Matter of Aisling Capital, LLC	AP	IA-4951	6/29/2018	VC	Failure to offset fees from portfolio co	https://www.sec.gov/litigation/admin/2018/ia-4951.pc
In the Matter of Morgan Stanley Smith Barney, LLC	AP	34-83571	6/29/2018	Sep. Acct.	Policies re employee theft	https://www.sec.gov/news/press-release/2018-124
In the Matter of Oaktree Capital Management, L.P.	AP	IA-4960	7/10/2018	Mixed funds	Pay-to-play rule	https://www.sec.gov/litigation/admin/2018/ia-4960.pc
In the Matter of Sofinnova Ventures, Inc.	AP	IA-4958	7/10/2018	VC	Pay-to-play rule	https://www.sec.gov/litigation/admin/2018/ia-4958.pc
In the Matter of Encap Investments L.P.	AP	IA-4959	7/10/2018	VC	Pay-to-play rule	https://www.sec.gov/litigation/admin/2018/ia-4959.pc
In the Matter of William M. Greenfield	AP	IA-4961	7/10/2018		Testimonial sweep	https://www.sec.gov/enforce/3-18586-90-s
In the Matter of Brian S. Eyster	AP	IA-4962	7/10/2018		Testimonial sweep	https://www.sec.gov/enforce/3-18586-90-s
In the Matter of HBA Advisors, LLC, et al.	AP	IA-4963	7/10/2018		Testimonial sweep	https://www.sec.gov/enforce/3-18586-90-s
In the Matter of Leonard S. Schwartz	AP	IA-4964	7/10/2018		Testimonial sweep	https://www.sec.gov/enforce/3-18586-90-s
In the Matter of Romano Brothers & Company	AP	34-83613	7/10/2018		Testimonial sweep	https://www.sec.gov/enforce/3-18586-90-s
In the Matter of Norman M.K. Louie, et al.	AP	34-83637	7/16/2018	Hedge/mixed	Undisclosed loan to CEO and failure to file 13D	https://www.sec.gov/news/press-release/2018-133
In the Matter of New Silk Route Advisors, L.P.	AP	IA-4970	7/17/2018	PE	Custody rule	https://www.sec.gov/enforce/ia-4970-s
SEC v. Temenos Advisory, Inc., et al.	Fed. Court	LR-24206	7/18/2018	Sep. Acct.	Nondisclosure of compensation and risks	https://www.sec.gov/litigation/litreleases/2018/lr2420
In the Matter of Michael Devlin	AP	IA-4973	7/19/2018	PE	Failure of CCO to disclsoe conflict	https://www.sec.gov/litigation/admin/2018/ia-4973.pc
SEC v. Kimberly Pine Kitts	Fed. Court	LR-24208	7/19/2018	Sep. Acct.	Theft	https://www.sec.gov/litigation/litreleases/2018/lr2420
In the Matter of Beverly Hills Wealth Management, LLC, et al.	AP	IA-4975	7/20/2018	Sep. Acct.	Failure to refund unearned advosory fees	https://www.sec.gov/enforce/ia-4975-s
In the Matter of Knowledge Leaders Capital, LLC	AP	IA-4980	8/9/2018	Sep. Acct.	Failure to disclose payment of soft dollars to related party	https://www.sec.gov/litigation/admin/2018/ia-4980.pc
In the Matter of Jinesh P. Brahmhatt	AP	34-83817	8/9/2018	Sep. Acct.	Undisclsoed conflict/compensation	https://www.sec.gov/litigation/admin/2018/34-83817
In the Matter of Ramnik S. Aulakh	AP	34-83816	8/9/2018	Sep. Acct.	COO aiding and abetting/causing above (Aulakh)	https://www.sec.gov/litigation/admin/2018/34-83816
In the Matter of Hamlin Capital Management, LLC	AP	IA-4983	8/10/2018	Sep. Acct.	Mispriced cross trdaes	https://www.sec.gov/enforce/ia-4983-s
In the Matter of Lockwood Advisors, Incorporated	AP	IA-4984	8/14/2018	Sep. Acct.	Wrap fee disclosures	https://www.sec.gov/enforce/ia-4984-s
In the Matter of Ameriprise Financial Services, Inc.	AP	34-83848	8/15/2018	Sep. Acct.	Policies re employee theft	https://www.sec.gov/news/press-release/2018-154
In the Matter of Roger T. Denha	AP	34-83873	8/17/2018	Sep. Acct.	Cherry picking	https://www.sec.gov/litigation/admin/2018/34-83873
In the Matter of BKS Advisors, LLC	AP	IA-4987	8/17/2018	Sep. Acct.	FTS cherry picking above (Denha)	https://www.sec.gov/litigation/admin/2018/ia-4987.pc
In the Matter of Merrill Lynch, Pierce,Fenner & Smith Incorporated	AP	34-83886	8/20/2018	Sep. Acct.	Failure to disclose conflicts	https://www.sec.gov/news/press-release/2018-159
SEC v. Michael B. Rothenberg, et al.	Fed. Court	2018-160	8/20/2018	VC	Misappropriation from funds	https://www.sec.gov/litigation/litreleases/2018/lr2436
In the Matter of Biltmore Wealth Management, LLC, et al.	AP	IA-4990	8/21/2018	Hedge	Misrepresentations re strategy and risks	https://www.sec.gov/litigation/admin/2018/ia-4990.pc
In the Matter of Aria Partners GP, LLC	AP	IA-4991	8/22/2018	Hedge	Misrepresentations re redemptions and custody rule	https://www.sec.gov/litigation/admin/2018/ia-4991.pc
In the Matter of First Western Advisors	AP	34-83934	8/24/2018	Sep. Acct.	Mutual fund share class	https://www.sec.gov/litigation/admin/2018/34-83934
In the Matter of AEGON USA Investment Management, LLC, et al.	AP	33-10539	8/27/2018	Mutual/Sep	Disclosure failures re quantitative models	https://www.sec.gov/litigation/admin/2018/33-10539
In the Matter of Bradley J. Beman	AP	IA-4997	8/27/2018	Mutual/Sep	CIO causing violations above (AEGON)	https://www.sec.gov/litigation/admin/2018/ia-4997.pc
In the Matter of Kevin A. Giles	AP	IA-4998	8/27/2018	Mutual/Sep.	Employee causing violations above (AEGON)	https://www.sec.gov/litigation/admin/2018/ia-4998.pc
SEC v. Grenda Group, LLC, et al.	Fed. Court	LR-24253	8/30/2018	Sep. Acct.	Misrepresentations re association with barred adviser	https://www.sec.gov/litigation/litreleases/2018/lr2425
In the Matter of Massachusetts Financial Services Company	AP	IA-4999	8/31/2018		Disclosure failure re backtested performance results	https://www.sec.gov/litigation/admin/2018/ia-4999.pc
In the Matter of Mark R. Graham, et al.	AP	IA-5000	9/6/2018	Hedge	Various violations re concealment of declining asset values	https://www.sec.gov/divisions/enforce/claims/graham
In the Matter of BB&T Securities, LLC,as successor entity to BB&T Ir	AP	IA-5002	9/7/2018	Sep. Acct.	Wrap fee disclosures re compensation	https://www.sec.gov/enforce/ia-5002-s
In the Matter of VSS Fund Management, LLC, et al.	AP	IA-5001	9/7/2018	PE	Failure to disclsoe change in value of assets re offer to buy inte	https://www.sec.gov/litigation/admin/2018/ia-5001.pc
In the Matter of Crypto Asset Management, LP, et al.	AP	IA-5004	9/11/2018	Hedge	Mirepresentation and unregistered offering by crypto fund	https://www.sec.gov/news/press-release/2018-186
SEC v. Gregory Lemelson, et al.	Fed. Court	LR-24262	9/13/2018	Hedge	Short seller "short and distort" scheme to drive price down	https://www.sec.gov/litigation/litreleases/2018/lr2426

In the Matter of Harbour Investments, Inc. SEC v. Tamara Steele, et al.	AP Fed. Court	34-84115 LR-24276	9/13/2018 Sep. Acct. 9/14/2018 Sep. Acct.	MF share class and undisclosed compensation Failure to disclose compensation in selling private stock	https://www.sec.gov/litigation/admin/2018/34-84115 https://www.sec.gov/litigation/litreleases/2018/lr2427
In the Matter of Cushing Asset Management, LP	AP	IC-33226	9/14/2018 Hedge/MF	Improper cross trade	https://www.sec.gov/litigation/admin/2018/ic-33226.p
In the Matter of Cecil Gregory Earls, et al.	AP	33-10546	9/14/2018 Hedge	Misrepresentations in connection with fraudulent fund	https://www.sec.gov/enforce/33-10546-s
In the Matter of Capital Analysts, LLC	AP	IA-5009	9/14/2018 Sep. Acct.	MF share class and undisclosed compensation	https://www.sec.gov/litigation/admin/2018/ia-5009.pc
In the Matter of Creative Planning, Inc., et al.	AP	IA-5035	9/18/2018 Sep. Acct.	Testimonial rule	https://www.sec.gov/litigation/admin/2018/ia-5035.pc
SEC v. World Tree Financial, LLC, et al.	Fed. Court	LR-24278	9/19/2018 Sep. Acct.	Cherry picking	https://www.sec.gov/litigation/litreleases/2018/lr2427
In the Matter of Ophrys, LLC	AP	IA-5041	9/21/2018 Hedge	Agency and principal transactions	https://www.sec.gov/litigation/admin/2018/ia-5041.pc
In the Matter of Hudson Housing Capital, LLC	AP	IA-5047	9/25/2018 Hedge	Custody rule	https://www.sec.gov/enforce/ia-5047-s
In the Matter of Voya Financial Advisors, Inc.	AP	IA-5048	9/26/2018 Sep. Acct.	Policies re customer data (Regs. SP and S-ID)	https://www.sec.gov/litigation/admin/2018/34-84288
In the Matter of Putnam Investment Management, LLC, et al.	AP	IA-5050	9/27/2018 MF/Mixed	Improper pricing of cross trades	https://www.sec.gov/enforce/ia-5050-s
SEC v. Goldsky Asset Management, LLC, et al.	Fed. Court	LR-24291	9/27/2018 Hedge	False statements in ADV	https://www.sec.gov/litigation/litreleases/2018/lr2429
In the Matter of LendingClub Asset Management, LLC, et al.	AP	IA-5054	9/28/2018 Hedge	Conflict/fiduciary breach re transaction benefitting adviser and	https://www.sec.gov/news/press-release/2018-223

SEC FY 2019

SEC v. Fixelle	Fed. Court	LR-24321	10/22/2018 Sep. Acct.	Theft	https://www.sec.gov/litigation/litreleases/2018/lr2432
SEC v. Burns	Fed. Court	LR-24324	10/23/2018 PE	Theft from portfolio companies	https://www.sec.gov/litigation/litreleases/2018/lr2432
SEC v. Simanski	Fed. Court	LR-24334	11/2/2018 Sep. Acct.	Theft	https://www.sec.gov/litigation/litreleases/2018/lr2433
In the matter of Pennant Management Inc.	AP	IA-5061	11/6/2018 Sep. Acct.	Inadequate due diligence of offered investment	https://www.sec.gov/enforce/ia-5061-s
In the Matter of Mark A. Elste	AP	IA-5062	11/6/2018 Sep. Acct.	CEO/CIO aiding and abetting/causing above (Pennant)	https://www.sec.gov/litigation/admin/2018/ia-5062.pc
In the Matter of Retirement Capital Strategies, Inc.	AP	IA-5065	11/19/2018 Sep. Acct.	Fee overcharge re inconsistent application of breakpoints	https://www.sec.gov/enforce/ia-5065-s
SEC v. Arsenault	Fed. Court	LR-24374	12/3/2018 Misc.	Misrepresentations and false statements	https://www.sec.gov/litigation/litreleases/2018/lr2437
In the Matter of Fifth Street Management, LLC	AP	IA-5070	12/3/2018 Mixed funds	Misallocation of expenses to fund/asset valuation	https://www.sec.gov/enforce/33-10581-s
In the Matter of Landass & Co., et al.	AP	IA-5072	12/12/2018 Sep. Acct.	Dual registrant received undisclosed comp from clearing broker	https://www.sec.gov/enforce/34-84807-s
In the Matter of Yucaipa Master Manager, LLC	AP	IA-5074	12/13/2018 PE	Misallocation of fees/expenses and undisclosed conflicts	https://www.sec.gov/enforce/ia-5074-s
In the Matter of NB Alternatives Advisers LLC	AP	IA-5079	12/17/2018 PE	Misallocation of compensation-related expenses to funds	https://www.sec.gov/enforce/ia-5079-s
In the Matter of Ancora Advisors LLC	AP	IA-5077	12/18/2018 Sep. Acct.	Pay to play	https://www.sec.gov/litigation/admin/2018/ia-5077.pc
In the Matter of Sterling Global Strategies LLC	AP	IA-5085	12/20/2018 Sep. Acct.	Errors and misrepresentations re backtested performance	https://www.sec.gov/litigation/admin/2018/ia-5085.pc
In the Matter of American Portfolio Advisors, Inc.	AP	IA-5083	12/20/2018 Sep. Acct.	MF share class issues	https://www.sec.gov/litigation/admin/2018/ia-5083.pc
In the Matter of PPS Advisors, Inc., et al.	AP	IA-5084	12/20/2018 Sep. Acct.	MF share class issues	https://www.sec.gov/litigation/admin/2018/ia-5084.pc
In the Matter of Thoroughbred Financial Services, LLC, et al.	AP	IA-5090	12/21/2018 Sep. Acct.	MF share class issues	https://www.sec.gov/enforce/34-84918-s
In the Matter of Black Diamond Asset Management LLC	AP	IA-5088	12/21/2018 Hedge	ADV misrepresentations re AUM	https://www.sec.gov/litigation/admin/2018/ia-5088.pc
In the Matter of Paul Edward "Ed" Lloyd, Jr., CPA	AP	IA-5809	12/21/2018 Misc.	Misrepresentations and theft	https://www.sec.gov/litigation/admin/2018/ia-5089.pc
In the Matter of Wealthfront Advisors, LLC	AP	IA-5086	12/21/2018 Sep. Acct.	Misrepresentation of service, solicitors and testimonials	https://www.sec.gov/litigation/admin/2018/ia-5086.pc
In the Matter of Hedgable, Inc.	AP	IA-5087	12/21/2018 Sep. Acct.	Improper performance comparison to other advisers	https://www.sec.gov/litigation/admin/2018/ia-5087.pc
In the Matter of Lightyear Capital LLC	AP	IA-5096	12/26/2018 PE	Misallocation of expenses between fund and employee coinves	https://www.sec.gov/litigation/admin/2018/ia-5096.pc

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