

Client Alert

SEC Charges Fenway Partners LLC and its Principals with Failing to Disclose Conflicts of Interest

November 6, 2015 – Continuing its ongoing focus on investment adviser compliance by private equity fund managers, the Securities and Exchange Commission (the “SEC”) agreed to settle charges against Fenway Partners LLC (“Fenway”) over Fenway’s failure to disclose conflicts of interest to investors.

The SEC had determined that Fenway had directed fees to an affiliate that would otherwise be payable to Fenway and therefore subject to an offset against Fenway’s management fee. Not only were Fenway’s investors denied the financial benefit of the offset but the SEC further noted that Fenway failed to communicate those fee arrangements to the investors.

The SEC had previously warned Fenway in a Wells notice last spring that it may take action against the private equity fund over its inadequate disclosure to investors.

In the settlement, Fenway paid over \$10,000,000, to be placed into a fund for harmed investors.

If you have any questions concerning this alert, please contact your Morrison Cohen attorneys.