

US Corporate Law News: SEC charges former private equity firm partner with defrauding clients

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The SEC recently charged a private equity firm senior partner for violations of the Investment Advisers Act of 1940, alleging that the investment advisor had misappropriated almost \$300,000 from private equity funds that he advised and used these funds for personal lifestyle expenses such as grooming at high-end hair salons, family vacations and designer suits. The SEC noted that the adviser's firm had written policies and procedures in place that expressly forbid reimbursement of such expenses. The case is being closely watched because the SEC is broadly asserting that, under the Advisers Act, advisers owe fiduciary duties to their clients. For more information, see <https://www.sec.gov/news/press-release/2017-199>.


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