

SEC Actions Confirm Uptick in Private Equity Enforcement Activity

by Bettina Eckerle

Don't tell me I didn't tell you so! Just one week after I cautioned that the SEC is stepping up scrutiny of private equity funds, the agency announced two recent PE enforcement actions. In both cases, the PE firms involved paid hefty penalties.

In the first case, the firm was charged with [improperly soliciting investments](#). The SEC specifically alleged that New York-based private equity firm Ranieri Partners violated securities rules requiring that an individual who solicits investments in return for transaction-based compensation be registered as a broker.

The employee in question was reportedly hired as a “finder” who would merely make initial introductions to potential investors. De facto he acted beyond this capacity by communicating with prospective investors and their advisors and providing them with key investment documentation that he received from Ranieri Partners.

In the second case, two advisers at Oppenheimer & Co. were accused of misleading investors about the valuation policies and performance of a private equity fund they manage. According to the SEC, Oppenheimer Asset Management and Oppenheimer Alternative Investment Management disseminated misleading quarterly reports and marketing materials stating that the fund's holdings of other private equity funds were valued “based on the underlying managers' estimated values.” However, the portfolio manager of the Oppenheimer fund actually valued the fund's largest investment at a significant mark-up .

For any questions regarding details of the facts or legal conclusions of these actions or any comments on the post, please call, e-mail or tweet me. You will find all my contact information on my website at www.eckerlelawyers.com. Or, to make it real easy, just subscribe to my newsletter, also on my website.

[Eckerle Law](#) offers legal advice in a variety of transactional and regulatory matters serving companies' business law needs. Please contact us via [e-mail](#) or [Twitter](#) with any questions or comments. We would like to use our experience to create real-life business and legal solutions to help your business thrive.