



Morgan Lewis

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Manager and Investor Perspectives

WEBINAR SERIES

SESSION 5 | Thursday, May 21

Enforcement Trends and Issues

**Fresh from the SEC: Discussion with G. Jeffrey Boujoukos, Former Regional Director,
Philadelphia Regional Office, US Securities and Exchange Commission**

www.morganlewis.com/2020hedgefundconference

ENFORCEMENT TRENDS AND ISSUES

SPEAKERS



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Agenda

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SEC Enforcement Developments and Trends

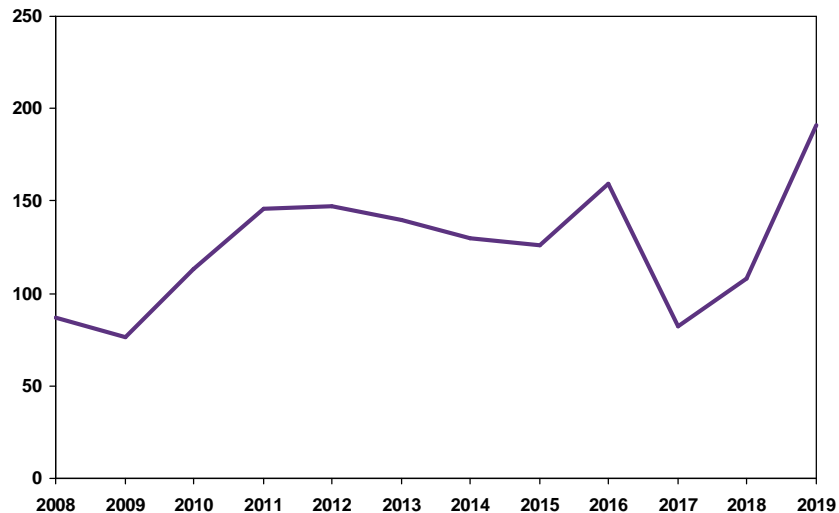
- 2019 Enforcement Statistics
- Current Trends and COVID-19 Priorities

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Notable Enforcement Cases Involving Private Funds

SEC Enforcement Statistics

Number of Investment Adviser and Investment Company Actions



Year	Number of IA/IC Actions
2008	87
2009	76
2010	113
2011	146
2012	147
2013	140
2014	130
2015	126
2016	159
2017	82
2018	108
2019	191

SEC Enforcement Priorities and Trends

"Main Street" Investor Protection

COVID-19 Era Enforcement Priorities

- Business continuity
- Record retention
- Selective disclosures
- Redemption-related misconduct
- Insider trading

Challenges Associated with Remote Investigations

- Remote testimony
- Access to documents in response to subpoenas

Notable SEC Cases Affecting Private Fund Advisers

Lessons learned from recent SEC actions against private fund advisers:

Disclosures Regarding Risk Monitoring Controls

- Effectiveness and authority of risk management functions and technology

Fees and Expenses

- Improper charging of employee and other expenses to private funds

Conflicts of Interest

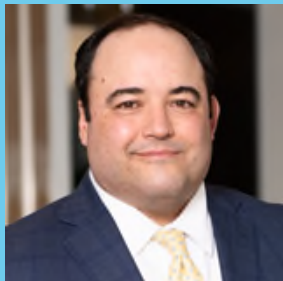
- Related party transactions
- Undisclosed compensation

Trading Practices and Valuation

- Pricing of odd lots vs. round lots
- Improper cross trades
- MNPI policies and procedures
- Failure to use observable inputs

FRESH FROM THE SEC: DISCUSSION WITH G. JEFFREY BOUJOUKOS, FORMER REGIONAL DIRECTOR, PHILADELPHIA REGIONAL OFFICE, US SECURITIES AND EXCHANGE COMMISSION

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G. Jeffrey Boujoukos is the leader of our securities enforcement practice. The former regional director of the Philadelphia Regional Office of the US Securities and Exchange Commission (SEC), Jeff defends public companies, financial services clients, and their executives in SEC, self-regulatory organization (SRO), and state enforcement matters. Combining his government and private practice experience, Jeff advises clients in collaboration with Morgan Lewis's securities, white collar defense, and investment management practices. He is admitted in Pennsylvania and Massachusetts only, and his practice is supervised by DC Bar members.

As regional director, Jeff supervised the SEC's examination and enforcement programs in Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and the District of Columbia. He led a staff of approximately 160 enforcement attorneys, accountants, investigators, and compliance examiners who investigated and enforced the federal securities laws and performed compliance inspections in the Philadelphia region with jurisdiction over nearly 1,200 investment advisers and investment companies with more than \$10 trillion in assets under management. Further, he closely coordinated with state and federal criminal authorities on a number of parallel investigations. Jeff also spearheaded the SEC's outreach efforts to retail investors in the Philadelphia region, meeting with registrants, senior investors, college and high school students, and members of the military to promote financial literacy and help protect against fraud. In 2016, he was recognized by the SEC with the Arthur F. Matthews Award for his "sustained demonstrated creativity in applying federal securities laws for the benefit of investors."

Prior to being named regional director of the Philadelphia office, Jeff served as the office's associate regional director from 2014 to 2016. In that role, he supervised the region's enforcement efforts, including the investigation and litigation of matters involving insider trading, financial reporting and accounting fraud, investment advisors, broker-dealers, offering frauds, and Ponzi schemes. He began his tenure at the SEC in 2009 as regional trial counsel for the office, conducting jury trials and emergency hearings, as well as supervising the Trial Unit staff, in actions pending in federal court and administrative proceedings.

In his time as a partner at Morgan Lewis before joining the SEC, Jeff represented broker-dealers, clearing firms, investment advisers, mutual funds, and individuals regarding matters pending with the SEC in Washington, DC, and in its regional and district offices across the United States. Additionally, Jeff represented clients in connection with matters before SROs and state authorities such as the Attorney General offices of New York, New Jersey, and Ohio.

Jeff also has civil litigation experience in class action and other commercial matters. He has represented clients in shareholder class actions and derivative actions against public and private corporations, directors, and officers. He has counseled clients in connection with failed transactions, closing balance sheet issues and breaches of representations and warranties, and these representations have taken him to federal and state trial and appellate courts throughout the United States.

Jeff has litigated to award a number of multimillion-dollar arbitrations before Financial Industry Regulatory Authority (FINRA) and American Arbitration Association arbitration panels, including matters involving claims against brokerage firms for breach of fiduciary duty, breach of contract, negligence, and breach of the federal securities laws.

Jeff serves as an adjunct professor at Drexel University's Thomas R. Kline School of Law.

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For the last two decades, Jason D. Frank has represented clients in shareholder class actions, derivative suits, SEC proceedings, internal investigations, and a broad array of complex business litigation. He has litigated in trial and appellate courts throughout the United States, appearing before courts in virtually every federal circuit.

Jason has been selected as one of the *Best Lawyers in America*, one of Boston's *Best Lawyers*, and a "Super Lawyer" in the field of securities litigation. He is on the team that received the Securities Litigation "Law Firm of the Year" award for 2013 from *U.S. News and World Report*. Jason currently leads a team of attorneys in a corporate defamation case relating to one of Gartner, Inc.'s well-known "Magic Quadrant" reports.

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With a background in senior positions at the US Securities and Exchange Commission (SEC) and as in-house counsel at a financial services firm, Ivan Harris brings insights to securities investigations, examinations, and litigation. He represents public companies, financial services firms, and individuals before the SEC, the Financial Industry Regulatory Authority (FINRA), the Chicago Board Options Exchange (CBOE) and various stock exchanges. Clients in the securities industry regularly seek Ivan's advice on compliance and regulatory matters.

Ivan represents public companies, financial institutions including investment banks, regional broker-dealers, hedge funds and private equity funds, municipal issuers and their employees in investigations by the SEC, FINRA, CBOE and other securities regulators. In the public company and municipal arena, Ivan has handled matters for clients involving financial accounting practices, issuer disclosures, Foreign Corrupt Practices Act (FCPA) violations, and insider trading. He regularly counsels large investment banks, clearing firms and other broker-dealers on complex investigations involving trading practices, market structure issues, anti-money laundering compliance, and other rules and regulations. Ivan has also represented hedge fund and private equity firms facing regulatory investigations and examinations relating to valuation practices, complex trading issues, potential use of inside information, and issues relating to fees and expense practices.

Ivan previously served at the SEC from 1998 to 2005, and from 2001 to 2005 was an assistant regional director for enforcement in the SEC's Miami office. While at the SEC, he led the investigation of a major hedge fund collapse, brought the first SEC case involving illegal hedge fund short selling, and prosecuted cases involving accounting fraud, insider trading, FCPA violations, market manipulation and broker-dealer/investment adviser violations. Several of those cases involved cross-border issues and investigative efforts throughout Europe and Latin America. Also before joining Morgan Lewis, Ivan was regulatory counsel for a financial services firm, where he advised on trading issues and compliance matters. He also served on several securities industry committees that focused on fixed income trading and securitized products. Ivan frequently speaks at securities industry and hedge fund conferences.

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Steven W. Stone is a securities lawyer who counsels clients on regulations governing broker-dealers, investment advisers and bank fiduciaries, and pooled investment vehicles. Head of the firm's financial institutions practice, Steve counsels most of the largest and most prominent US broker-dealers, investment banks, investment advisers, and mutual fund organizations. He regularly represents clients before the US Securities and Exchange Commission (SEC), both in seeking regulatory relief and assisting clients in enforcement or examination matters.

Steve advises major US broker-dealers in the private wealth and private client businesses that offer investment advice and brokerage services to high-net-worth clients as well as broker-dealers serving self-directing clients. He also works as counsel on various matters to the Securities Industry and Financial Markets Association's (SIFMA) private client committee and represents most of the best-known US broker-dealers in this area. He also advises broker-dealers and investment advisers in the managed account or wrap fee area, and serves as counsel to the Money Management Institute, the principal trade association focused on managed accounts. Steve also counsels various institutional investment advisers and banks on investment management issues, including conflicts, trading, disclosure, advertising, distribution, and other ongoing regulatory compliance matters.

Steve's practice includes counseling clients on varied regulatory and transactional matters including the development of innovative products and services; regulation and operation of managed account (or wrap fee) programs and hedge funds; trading issues affecting broker-dealers and investment advisers; soft dollar arrangements; interpretive and no-action letter requests; insider trading issues; and related matters. He guides clients through SEC, Financial Industry Regulatory Authority (FINRA), and state investigations and enforcement actions. Additionally, he counsels clients on mergers, acquisitions, and joint ventures involving broker-dealers and investment advisers.

Steve serves as co-leader of the firm's investment funds industry initiative, and previously served on the firm's Advisory Board and was managing partner of the Washington, DC, office.

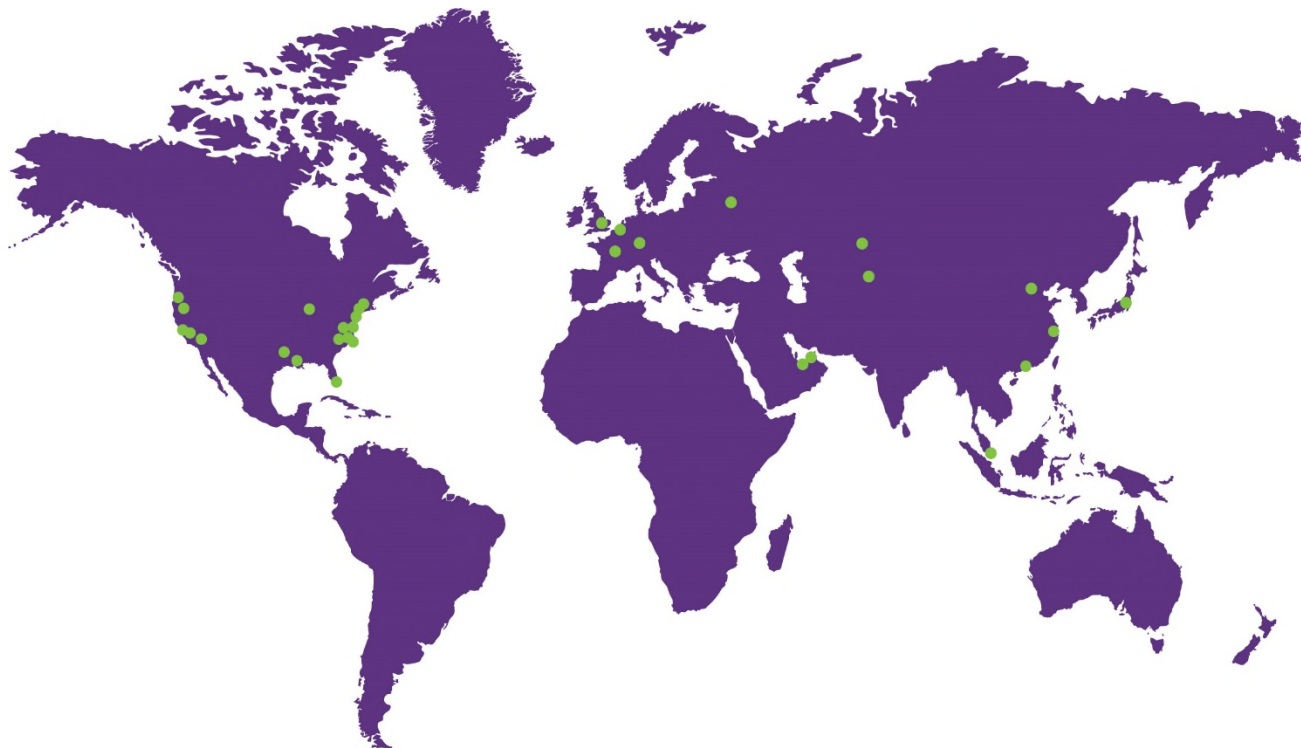
Since 2005, *Chambers USA: America's Leading Lawyers for Business* has recognized Steve as one of the leading US lawyers for investment management and broker-dealer law, calling him as "one of the best in the field." Since 2009, *The US Legal 500* has listed him for his work with mutual fund formation and management.

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