

Kit Addleman in FundFire: SEC Exams Dig Deep to Catch Private Equity Manager Lapses

January 16, 2020 Kit Addleman

PRACTICES Litigation

FundFire quoted Haynes Boone Partner [Kit Addleman](#) in an article about the U.S. Securities and Exchange Commission's increased regulatory focus on private funds.

Here are excerpts:

Securities and Exchange Commission compliance examiners are clawing through the business practices of private fund managers to unearth examples where they're not following through on the disclosures made to investors.

The shift is a reflection of private fund managers and examiners both getting past the learning curve, years after these firms first had to register as investment advisors in 2012.

SEC examiners also are still looking for examples of managers failing to properly or sufficiently disclose conflicts, says Kit Addleman, attorney and partner at Haynes Boone.

"A single sentence that references a possible conflict may not be enough from the [SEC] staff's point of view," she says. "Mentioning it in a couple of places, putting it in bold print, may be necessary."

Some managers hope to simply copy over the same policies and procedures from one business area to the next, but that's not always a smart approach, Addleman says.

"Investment managers need to be cautious – not one size fits all," she says. "You often need to make changes and adapt to new risks in new lines of business. Sometimes trying to fit your old policy on a new business is more costly than just starting over."

To read the full article, click [here](#). (Subscription required)