

SEC Enforcement Case Summary JAG Capital Advisors Hedge Fund Fraud

On June 12, 2024, in a litigated enforcement case, the Securities and Exchange Commission (**SEC**) charged Joshua Goltry and his investment management firm, JAG Capital Advisors LLC (**JAG**) with a scheme to raise money for a hedge fund, defraud investors, engage in high-risk trading, and use proceeds for personal expenses. The U.S. Attorney's Office for the District of New Jersey announced parallel criminal charges against Goltry.

According to the SEC complaint, JAG raised nearly \$3 million from friends and family and other investors for a purported long/short equity hedge fund, lost \$1.7 million through high-risk trading and speculative investments, and misappropriated more than \$1 million for travel, jewelry and other personal expenses. JAG allegedly used promotional and marketing materials that included false claims of having achieved significant performance returns over the prior three-year period.

While JAG's offering documents promised investors that funds would be invested in equities using risk management protocols, in reality, the fund's capital was invested in highly speculative options trading, resulting in substantial losses. Other capital was "side pocketed" and invested in private companies. JAG falsely reported to the fund administrator and investors that such private investments had increased by multiples of 3-4x, when known valuations were clearly much lower than what was represented. The firm provided fraudulent invoices to conceal the misappropriated assets, characterizing them as legitimate business expenses.

The SEC has demanded a jury trial and is seeking permanent injunctions, an officer and director bar, disgorgement and civil penalties and further relief as applicable.

See Press Release – <https://www.sec.gov/newsroom/press-releases/2024-72>