

## SEC Enforcement Case Summary

### SEC Charges Former CCO with Falsifying Documents Produced to Exam Staff

On July 15, 2025, the Securities and Exchange Commission (**SEC**) announced settled charges with a \$40,000 penalty against a former chief compliance officer (**CCO**), Suzanne Ballek, of a registered investment adviser for altering records and creating fictitious forms in response to an SEC examination.

The adviser's Code of Ethics required that "access persons" report their securities transactions and holdings consistent with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940. The Code of Ethics further required that access persons obtain the approval of firm's CCO prior to purchasing or selling securities in their personal accounts. According to the SEC order, as part of the implementation of the Code of Ethics and firm's written policies and procedures, Ballek, created a "Securities Transaction Request Form" as a method to document the request and approval of access persons' securities transactions. The access person would fill out the form and sign it, and Ballek would sign it as well to indicate her approval. Although the form was not required by the Code of Ethics, Ballek developed it to enable the adviser to evidence compliance with access person approval processes.

However, the SEC noted that in practice, the Securities Transaction Request Forms were often not completed until after the transactions were made. According to Ballek, access persons would often obtain verbal approval of their transactions and then fill out and turn in the Securities Transaction Request Form later. In such cases, Ballek provided the access person with a copy of the form with her approval signature and retained a copy for Adviser A's records. On occasion, for some trades, a Securities Transaction Request Form was never completed.

During an SEC examination of the adviser, Exam Staff requested the firm's preclearance policies and procedures as well as documents related to the personal trading activity of one of the firm's portfolio managers. Ballek gathered and produced these documents to Exam Staff, including the Securities Transaction Request Forms for the portfolio manager. However, before producing these forms, Ballek allegedly modified approximately 170 forms in an attempt to show compliance with the firm's Code of Ethics and policies and procedures. The SEC noted that the most common alteration she made was changing the dates the forms were signed by the portfolio manager or herself to match the trade date. Apparently, the portfolio manager typically did not fill out and submit the Securities Transaction Request Form until after he completed the trade, so many of his forms were signed after the transaction date. According to the order, for any form where the portfolio manager's or her signature did not match the trade date, which was true for the vast majority of the forms from 2019 to 2021, Ballek changed the original date by writing over the original date and/or using whiteout to remove the original date, to make it appear as if the forms were signed on the transaction date. Ballek also filled in missing information on some of the forms before providing them to Exam Staff. For transactions by the portfolio manager for which no form existed, Ballek created a Securities Transaction Request Form and included the portfolio manager's signature on the newly created form without the portfolio manager's knowledge or authorization. When Exam Staff questioned Ballek about the apparent alterations to the Securities Transaction Request Forms, she allegedly falsely claimed that the portfolio manager had filled out the forms incorrectly and that, at the time the forms were submitted to her, she made the changes.

This case highlights the importance of timely completing/reviewing Code of Ethics reporting when it is due and why a CCO and compliance staff should never alter or produce backdated documents in an examination. A deficiency letter comment for late reporting is much better than an enforcement action.

**See SEC Summary - <https://www.sec.gov/enforcement-litigation/administrative-proceedings/ia-6896-s>**