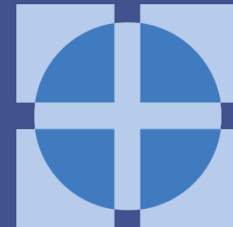


STANDISH COMPLIANCE

INSTITUTIONAL QUALITY. BOUTIQUE SERVICE.



Q2 2026 REGULATORY FORUM

Upcoming Regulatory Deadlines

- Form 13F Institutional Manager Report - **Due 08/14/26**
- Form PF PE Material Event Reporting - **Due 08/29/26**
- Form PF Quarterly Large HF Filing - **Due 08/31/26**
- Form N-PX Proxy Voting Report - **Due 08/31/26**
- Form PF HF Material Event Reporting - **Due 72 hours after triggering event**
- Form D Private Fund Offerings - **Due 15 days after first sale**
- Schedule 13D Beneficial Ownership - **Due 5 days of exceeding 5% ownership**
- Schedule 13G Beneficial Ownership - **Due within 5 days or 45 days depending on filer status**

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REGULATORY FORUM**



Regulatory Headlines

- SEC and CFTC Propose Sweeping Form PF Reporting Relief for Private Fund Advisers
- SEC Rescinds Longstanding “No-Deny” Settlement Policy in Enforcement Actions
- SEC Publishes Draft Strategic Plan for Public Comment
- SEC Appoints David Woodcock Director of the Division of Enforcement
- SEC Proposes Rescission of Climate-Related Disclosure Rules
- Western Asset Management to Pay \$100 Million Penalty Over Cherry-Picking Scheme

Recent Standish Events

- Webinar: Standish & Debevoise & Plimpton - SEC Exam Readiness & Best Practices
- Webinar: Standish & Perkins Coie - Emerging Manager Bootcamp
- Standish’s Maryellen Maurer Featured on Weil Podcast
- Investment Adviser Association PE Fund Advisers Committee

Executive Summary

The second quarter of 2026 included several noteworthy developments for private fund managers and other investment advisers. In April, the SEC and CFTC jointly proposed amendments to Form PF that would materially increase the filing threshold from \$150 million to \$1 billion and reduce or eliminate the filing burden for many smaller private fund managers. The Form PF proposal specifically requested public comment on identifying and reporting private credit funds and whether private-credit-specific reporting should eventually be adopted. Regulators expressly highlighted private credit as an area requiring additional visibility and future policy consideration.

April 21 marked the one-year anniversary of the swearing in of SEC Chairman Paul Atkins, who has clearly set the tone for the agency's focus as described in his [speech on the anniversary date](#). While SEC enforcement activity during his tenure reflects lower volume than historical peaks, it nonetheless reflects renewed emphasis on high-impact, fraud-centric cases targeting investor harm and fiduciary breaches. Significantly, in May, the SEC rescinded its longstanding policy requiring settling defendants in enforcement actions to refrain from publicly denying SEC allegations, materially changing the enforcement landscape for advisers facing SEC investigations.

At the Milken Institute Global Conference on May 4, 2026, Atkins outlined a regulatory agenda centered on market growth and innovation, disclosure modernization, and regulatory efficiency, while reaffirming the SEC's core mission of investor protection, capital formation, and fair, orderly markets. Consistent with this message, the SEC's June 2026 draft Strategic Plan signaled a broader shift toward supporting investment and market development, promoting market efficiency, facilitating compliance, and modernizing the agency's regulatory framework while maintaining appropriate investor safeguards. The SEC is likely to prioritize modernization and simplification of disclosure requirements, retrospective review of existing regulations, greater stakeholder engagement in the rulemaking process, and regulatory approaches designed to reduce unnecessary burdens on market participants while preserving market integrity and investor confidence.

The SEC, CFTC, and NFA continued collaboration efforts. In June, the SEC and CFTC jointly sought public comment regarding: 1) harmonization of derivatives product definitions; 2) swap and security-based swap reporting frameworks; and 3) portfolio margining frameworks, signaling potential future changes in reporting and regulatory requirements for hedge funds, credit funds, and other derivatives managers.

SEC Staff Developments

Q2 brought a notable leadership change at the SEC. The SEC announced that David Woodcock has been appointed Director of the Division of Enforcement, effective May 4, 2026. Prior to that date, Mr. Woodcock was a partner in the Dallas and Washington, D.C. offices of Gibson, Dunn & Crutcher LLP, where he served as chair of the firm's Securities Enforcement Practice Group. Mr. Woodcock previously served as Director of the SEC's Fort Worth Regional Office from 2011 to 2015. During his prior SEC tenure, Mr. Woodcock led Enforcement and Examinations Division lawyers, accountants, and examiners, oversaw investigations in nearly every major area of the SEC's

enforcement program, served as a member of the Enforcement Advisory Committee, and created and served as Chair of the SEC's cross-office and cross-division Financial Reporting and Audit Task Force, which was designed to enhance the SEC's detection and prosecution of violations involving accounting and false financial statements. ([SEC Release](#)).

SEC Enforcement Activity

SEC enforcement activity in the second quarter of 2026 continued to reflect Chairman Atkins' "back to basics" focus on fraud, market manipulation, misappropriation, and breaches of fiduciary duty and trust, rather than technical or disclosure-only violations. On June 30th, in his remarks at the Economic Club of New York, Chairman Atkins emphasized the end of "regulation by enforcement" under his SEC and announced a plan to conduct a broader, thorough review all enforcement processes. Several Q2 cases involved unregistered or exempt reporting advisers who misappropriated investor funds outright, underscoring that registration status does not insulate a manager from SEC scrutiny where fraud is present. Following are noteworthy actions.

- [Vincent J. Camarda, et al](#) - 04/03/26
 - Focus Area: Recidivist Private Fund Fraud
 - Firm Description: SEC Registered Investment Adviser ("RIA") with \$175 million in RAUM
 - Key Facts:
 - Following a separate 2022 enforcement action involving similar facts, the SEC again charged RIA A.G. Morgan Financial Advisors, LLC, owner Vincent Camarda, and principal James McArthur, with fraudulently inducing advisory clients - many of whom were elderly and financially unsophisticated - to purchase promissory notes issued by five high-risk private equity funds that Camarda and McArthur created, managed, and owned.
 - Defendants allegedly told investors the investments were conservative and would be diversified across several areas, when in reality four of the funds invested entirely in a high-risk mining venture and the fifth invested entirely in a start-up coffee shop company operated by Camarda's son.
 - The complaint further alleges that defendants failed to disclose substantial conflicts of interest in recommending the funds, including payments received in connection with the mining venture investments and that one fund existed solely to fund Camarda's son's coffee shop company. Camarda is also alleged to have misappropriated approximately \$1 million of client money to his personal bank account.
 - Takeaway: This case involves multiple red flags that elevate enforcement risk, including a recidivist bad actor, sale of private vehicles to retail and unsophisticated investors, and promissory-note structures. The SEC continues to scrutinize self-dealing and undisclosed conflicts, particularly when these red flags are present.

- Vestech Partners, LLC, et al - 04/08/26
 - Focus Area: Venture Capital Fund Misrepresentations & Undisclosed Conflicts
 - Firm Description: Unregistered Investment Advisers
 - Key Facts:
 - The SEC charged Vestech Partners LLC, two related unregistered investment advisers, and their owner, Riadh Fakhoury, who purportedly managed venture capital funds and offered and sold dozens of private fund vehicles (the “Vestech Funds”) primarily to individual investors, each typically holding securities in one or two portfolio companies.
 - The SEC alleged that Vestech improperly assured current and prospective investors that their investments were “low risk, high return” by touting institutional co-investments in the same private technology companies that had not actually occurred, and misled investors by overstating investment performance and omitting negative information about at least three portfolio companies, including overstated exit performance and omitted losses.
 - The respondents were also charged with negligently failing to disclose conflicts of interest from personal investments in the same portfolio companies, including that they personally stood to lose millions if the funds did not make additional investments for operating capital, and that Fakhoury received equity compensation from one portfolio company for successfully fundraising on its behalf.
 - Fakhoury and the advisers agreed to pay nearly \$2.4 million in disgorgement, interest, and penalties, and Fakhoury agreed to an associational bar.
 - Takeaway: The SEC continues to focus on conflicts of interest at private funds arising from personal investments and compensation arrangements tied to fund portfolio companies. Compliance staff should remain vigilant in monitoring such conflicts as well as marketing materials and investor reporting that overstate track records or downplay risk.
- Backswing Ventures GP LLC & Kyle Asman - 04/09/26
 - Focus Area: Excessive Management Fees & Misrepresentations
 - Firm Description: Unregistered Investment Adviser
 - Key Facts:
 - The SEC charged unregistered investment adviser Backswing Ventures GP LLC and its principal, Kyle Asman, for allegedly defrauding a private fund client through payment of excessive management fees, and further defrauding investors and prospective investors through misrepresentations and other deceptive acts.
 - Backswing hoped to raise a \$50 million fund but only raised \$3.8 million in capital commitments. The management fee calculation described in the fund’s LPA differed from the calculation described in the PPM; regardless of methodology, the SEC alleged that Backswing paid itself 23% of the fund’s capital contributions in the first

year of operations - roughly seven times more than it was owed under the fund's governing documents.

- The fund administrator booked the excess fees as "prepaid management fees" and instructed Backswing not to transfer further fees until the prepaid amount was depleted, an instruction Backswing ignored.
- The SEC further alleged that Backswing failed to engage an independent auditor and provide investors with required audited financial statements, failed to provide unaudited financial statements at required intervals, and misrepresented fund subscription totals, claimed investments that were never made, audit status, and Asman's professional credentials.
- Takeaway: This litigated fraud case is a cautionary lesson for new fund launches to ensure sufficient financing and operational controls are in place in the event a fund does not raise its targeted capital, and to ensure management fee calculations in side documents and offering materials are consistent and properly applied.
- AI Investment Education Foundation Ltd. - Final Judgment - 04/20/26
 - Focus Area: Form ADV Misrepresentations
 - Firm Description: Purported Exempt Reporting Adviser
 - Key Facts:
 - The U.S. District Court for the District of Colorado entered a final judgment by default against purported ERA AI Investment Education Foundation Ltd. in connection with previously filed charges for making material misrepresentations and unsubstantiated statements in its Form ADV.
 - The firm reported that it operated from office space in Denver, managed \$1 million in U.S. assets, advised a private fund, and that a separate RIA reported information about the private fund on its own Form ADV. The complaint alleged that the business occupant of the Denver office space had no knowledge of the firm or its purported CEO, and that the separate RIA had not in fact reported any information about the purported private fund.
 - The complaint also alleged that the SEC found no information on the private fund in other SEC filings, no information on the firm in the SEC's public company database, and that the firm failed to respond to a request by SEC attorneys to substantiate the information in its Form ADV.
 - The firm was enjoined and ordered to pay a civil penalty of \$1,182,254. The SEC previously brought a separate enforcement against the firm in December 2025 for misappropriation through a scam involving crypto trading platforms.
 - Takeaway: This was part of a broader SEC enforcement sweep focused on Form ADV misrepresentations and serves as a reminder that all information reported on Form ADV, including office locations, AUM, and private fund details, must be accurate and capable of being substantiated upon SEC request.

- Jay S. Lucas & Lucas Brand Equity, LLC - 04/24/26
 - Focus Area: Private Fund Fraud & Misappropriation
 - Firm Description: Exempt Reporting Adviser (ERA)
 - Key Facts:
 - In a litigated classic fraud case aligned with the SEC's "back to basics" focus on investor harm and fiduciary duty, the SEC charged Jay S. Lucas and Lucas Brand Equity, LLC, an ERA that raised more than \$50 million from 2013 to 2025 across three private equity funds, with fraud for misrepresentations to investors regarding fees, compensation, and fund and portfolio company operations.
 - The SEC also alleged misappropriation of at least \$8 million of investor funds; use of fund assets for personal expenses, real estate, and unrelated ventures; and failure to disclose conflicts of interest and inaccurate disclosures regarding fund operations.
 - Defendants were further charged with failing to reassess the fair value of multiple portfolio companies and apply write-downs when warranted (which would have reduced management fees); with respect to one portfolio company, after internally identifying what was referred to as "massive fraud," the firm nevertheless continued to report the investment at 4x-5x the amount invested.
 - On December 18, 2025, in a parallel criminal action, the U.S. Attorney's Office for the Southern District of New York announced an indictment charging Lucas with securities fraud, investment adviser fraud, wire fraud, and money laundering.
 - Takeaway: ERAs are not routinely examined by the SEC, but they are not exempt from SEC enforcement, particularly where fraud and misappropriation are involved. This case also underscores SEC scrutiny of whether portfolio company valuations are revisited promptly when adverse information emerges, given the direct link between reported valuations and management fees.
- Reign Financial International, LLC - 05/07/26
 - Focus Area: Fraudulent High-Yield Investment Programs
 - Firm Description: Unregistered Fund Manager & State Registered Adviser
 - Key Facts:
 - In an egregious fraud case, the SEC charged unregistered Reign Financial International, LLC, and its principals for an alleged fraudulent investment scheme involving three purported high-yield investment programs ("HYIPs") that raised over \$26 million from at least 31 investors, enticing them with promises of outsized short-term profits and little or no risk through opaque financial instruments involving leverage through European banks.
 - In reality, the HYIPs did not exist, many investors lost their principal, and no investors received any profits. The defendants also allegedly misappropriated investor funds and violated fiduciary duties and the governing documents of an affiliated hedge fund

that held HYIP investor proceeds, spending on jewelry, luxury cars, and private jet travel.

- One defendant, Berone Capital, LLC, was a state-registered investment adviser and hedge fund manager. Another defendant, Patrick Allen, was the owner and principal of unregistered Compass Fuel & Oil entities that administered two of the fraudulent HYIP programs.
- Takeaway: As noted in SEC investor alerts, HYIPs are frequently associated with fraud. Legitimate managers of high-yield bond funds and private credit funds should be mindful of the SEC's heightened skepticism toward these vehicles and ensure marketing materials clearly distinguish their strategies from HYIP-style promises.
- Phoenix American Hospitality, LLC - 06/04/26
 - Focus Area: Real Estate Fund Misrepresentations
 - Firm Description: Unregistered REIT Fund Manager
 - Key Facts:
 - The SEC charged unregistered REIT fund manager Phoenix American Hospitality, LLC ("PAH") and its founder, William Lee "Perch" Nelson, for allegedly making untrue statements to retail investors about the assets held by, and profitability of, two hotel-focused investment funds.
 - The defendants engaged a consulting firm that specialized in directly marketing Regulation A and other exempt securities offerings to investors, which helped create and launch a marketing campaign targeting retail investors through social media advertisements, a new website, emails, and live webinars hosted by Nelson and later posted to PAH's website and YouTube channel.
 - PAH raised two REITs to invest in U.S.-based hotels, raising \$86 million from more than 2,000 retail investors from March 2022 through July 2024. PAH allegedly claimed that one fund owned as many as 11 hotels, when in reality the fund owned only a preferred equity interest in a single hotel until January 2024.
 - PAH, through Nelson, allegedly made untrue statements that both funds made regular profit distributions of up to 12% per year, when in reality neither fund was profitable and distributions were primarily funded by returns of investor capital.
 - The defendants agreed to pay combined penalties of more than \$700,000, and Nelson agreed to a five-year officer-and-director bar.
 - Takeaway: Fundraising from retail investors through social media, live webinars, and other direct marketing channels often attracts SEC attention. Fund managers should proceed cautiously before engaging in aggressive marketing campaigns and ensure that performance and asset claims are not exaggerated and can be fully supported.
- Western Asset Management Company, LLC - 06/05/26
 - Focus Area: Failure to Detect and Prevent Cherry-Picking

- Firm Description: SEC RIA with more than \$180 billion in RAUM
- Key Facts:
 - In a follow-up to a 2024 enforcement case, the SEC charged RIA Western Asset Management Company, LLC, for failing to take reasonable steps to detect and prevent its former co-Chief Investment Officer's alleged cherry-picking scheme. Western Asset agreed to pay a \$100 million civil penalty in connection with the settlement.
 - In the 2024 case, the SEC charged Steven Kenneth Leech, the firm's former co-CIO, in a litigated district court action alleging that he engaged in a cherry-picking scheme from January 2021 through October 2023 by disproportionately allocating trades with net realized and unrealized first-day gains to favored portfolios, and trades with first-day losses to other, disfavored portfolios.
 - The SEC found that Western Asset was aware that Leech's trading and allocation practices diverged from those of other portfolio managers at the firm, and knew or should have known about such practices, but failed to take reasonable steps to ensure his actions were consistent with the firm's fiduciary duties and disclosures to clients, including that allocations would be done fairly and equitably.
 - The SEC also found that Western Asset failed to implement its policies and procedures relating to reallocations and failed to reasonably supervise Leech.
- Takeaway: This case highlights the importance of ensuring that all employees, including executives and senior investment personnel, comply with compliance policies and procedures, and the economic and reputational risk to firms that are reluctant to challenge the trading practices of dominant personnel.
- Sterling Capital, LLC - 06/05/26
 - Focus Area: Undisclosed Trading Losses & Misappropriation
 - Firm Description: Unregistered Investment Adviser
 - Key Facts:
 - The SEC charged unregistered investment adviser John Sterling Myers, Sterling Capital, LLC, and Sterling Capital Management, LLC, who raised money for a private fund from friends, family, and other investors, with misappropriating investor money, falsifying investor account statements, and engaging in other misconduct.
 - Myers began operating a so-called "premier" and "exclusive investment pool" in 2022 and raised approximately \$4 million from approximately 28 investors over several years, then perpetually drained the fund through unsuccessful trading and personal spending, losing over \$3.6 million of investor money.
 - Myers allegedly sent investors fabricated quarterly account statements depicting accumulated net gains and positive performance beyond that of the S&P 500, concealed the fund's actual results by failing to issue required tax forms, and instead claimed all trading losses on his own personal tax returns without disclosure to fund investors.

- Myers allegedly misappropriated at least \$1.8 million by diverting fund assets to his personal financial accounts, through which he engaged in further unsuccessful trading and paid for personal expenses.
- Takeaway: This egregious fraud case highlights the need for investors to conduct adequate due diligence on the registration status, background, trading activity, and performance claims of private fund managers – even those they know personally – and reinforces the importance of accurate disclosures regarding fund losses.
- Foundations Investment Advisors, LLC & Bryon E. Rice - 06/08/26
 - Focus Area: Undisclosed Conflicts of Interest & Code of Ethics / Compliance Failures
 - Firm Description: SEC RIA with approximately \$10.1 billion RAUM
 - Key Facts:
 - The SEC charged RIA Foundations Investment Advisors, LLC and former CEO Bryon E. Rice for alleged breaches of fiduciary duty arising from undisclosed conflicts related to Rice’s personal holdings and economic incentives connected to investment products and affiliated relationships.
 - The undisclosed conflicts included: (1) Rice having an economic interest in a sub-adviser that provided a model portfolio to Foundations’ clients, which included an ETF managed by another adviser; (2) Foundations having an expense-sharing agreement with another adviser related to four other ETFs that gave Foundations an incentive to recommend those products to clients; and (3) affiliations among Foundations’ former chief investment officer, that adviser, and an entity acting as a sub-adviser to Foundations and to the ETF.
 - Rice failed to pre-clear his personal trades in the ETF, as required under the firm’s Code of Ethics, and the SEC noted that the firm failed to identify its former CIO as an access person subject to the Code of Ethics. The SEC also cited compliance-program implementation failures, including a failure to conduct an annual compliance review for calendar year 2021.
 - Foundations agreed to pay approximately \$152,628 in disgorgement, \$15,031 in prejudgment interest, and a \$1.2 million civil penalty; Rice agreed to pay \$434,162 in disgorgement, \$5,395 in prejudgment interest, and a \$354,675 civil penalty.
 - Takeaway: The case highlights the importance of identifying all “access persons” subject to a firm’s Code of Ethics, enforcing pre-clearance requirements for personal trading, and disclosing economic relationships with sub-advisers and product sponsors – even where the adviser itself does not personally profit from the underlying trading.
- Giovanni Pennetta - 06/22/26
 - Focus Area: ERA Misrepresentations & Misappropriation
 - Firm Description: SEC ERA & Private Fund Manager
 - Key Facts:

- The SEC charged Giovanni Pennetta, who managed a private fund through his exempt reporting adviser, Sestante Capital LLC, for false representations about his access to shares of private company Anduril Industries, Inc., to investors who invested over \$10.5 million in the private fund NextGenTech Investments LLC (“NextGenTech”).
- Instead of using the investor funds to purchase Anduril stock, Pennetta allegedly misappropriated over \$6.2 million for his personal use and to repay an investor in a separate NextGenTech offering.
- Pennetta consented to an SEC injunctive order with disgorgement and penalties to be determined at a later date. In a parallel criminal action concerning the same conduct, on March 5, 2026, Pennetta pleaded guilty to one count of wire fraud.
- Takeaway: Pre-IPO and similar private fund strategies involving single-purpose vehicles created to invest in private, pre-IPO technology companies are increasingly common. There have been several recent SEC enforcement actions involving such vehicles, fraudulent misrepresentations, and misappropriation, which warrants continued attention from fund managers and their compliance teams.

- Insider Trading Cases:

Q2 2026 insider trading enforcement was concentrated in classic misappropriation and tipping fact patterns: investment adviser employees using confidential due diligence information and wall-crossed healthcare information, lawyers or law-firm personnel misusing deal information, family/relationship-based misappropriation, and trading ahead of M&A or material corporate announcements.

- [Michael Smith and Douglas Joshua Dalton](#) (04/01/26) - The SEC charged Michael A. Smith, former President and COO of PetIQ, Inc., and Douglas Joshua Dalton with insider trading before the August 2024 announcement that Bansk Group LP would acquire PetIQ. The SEC alleged Smith traded through his ex-wife’s brokerage accounts and tipped Dalton, who bought call options; the alleged profits exceeded \$200,000. In parallel criminal actions, the U.S. Department of Justice announced charges against Dalton, and Smith previously pleaded guilty to securities fraud and is awaiting sentencing.
- [Rakesh Ahuja](#) (04/21/26) - The SEC filed a settled action against Rakesh Ahuja, a former senior associate at an RIA managing investment funds focused on biopharmaceutical and biotechnology companies, alleging he traded through a close relative’s brokerage account using confidential information obtained during diligence on biopharmaceutical and biotechnology companies, in violation of the adviser’s insider trading policy. The SEC alleged trades in three public companies on four occasions, resulting in approximately \$65,000 in profits. In connection with two such companies, FINRA asked Ahuja’s employer to report whether its employees had any knowledge of, or relationship with, individuals listed on a FINRA trader identification list (“ID List”). The ID List identified persons who may have been involved in trading in the securities of the companies close to the public announcements of positive clinical trial results. Although Ahuja’s relative was included on the ID List, he denied recognizing anyone on the list. Ahuja agreed to

- disgorgement, prejudgment interest, and a civil penalty totaling more than \$143,000, and a two-year bar from association with an investment adviser, broker, or dealer.
- Nicolo Nourafchan, Robert Yadgarov, et al. (05/07/26) - The SEC charged 21 individuals in an alleged wide-reaching insider trading scheme involving information misappropriated from multiple global law firms, in violation of internal confidentiality policies. The SEC alleged Nicolo Nourafchan, an M&A attorney, and Robert Yadgarov orchestrated a scheme involving more than a dozen pending corporate transactions, tipping networks, kickbacks, and millions of dollars in illicit profits. Tippees included relatives, friends, co-workers, business associates, and other traders. The case originated from the SEC Market Abuse Unit's Analysis and Detection Center, which uses data analysis tools to detect suspicious trading patterns. In a parallel action, the U.S. Attorney's Office for the District of Massachusetts announced criminal charges against all the defendants in this case.
 - Oskar Elmgart and Raymond Leibman (05/18/26) - The SEC filed settled insider trading charges against Oskar Elmgart and Raymond Leibman related to stock and options trading before the April 2024 announcement that CoStar Group, Inc. would acquire Matterport, Inc. The SEC alleged they misappropriated information from a close family member who worked at Matterport; Elmgart allegedly made \$63,050 in illicit profits and Leibman allegedly had \$30,581 in unrealized illicit profits. The two agreed to disgorgement, prejudgment interest, and penalties totaling more than \$130,000 and \$63,000, respectively.
 - JianQing Li (06/05/26) - The SEC charged JianQing Li, a former analyst at a New York-based investment adviser and private fund manager focused on healthcare, with trading in securities of at least twelve healthcare companies between February 2024 and October 2025. The SEC alleged Li misappropriated confidential information about upcoming securities offerings and clinical drug data after his employer was wall-crossed, generating more than \$320,000 in illicit profits. The issuers were added to the adviser's Restricted List after agreeing to the wall-cross and signing a confidentiality agreement. However, Li flagrantly violated the pre-clearance and reporting requirements under the adviser's Code of Ethics and the firm's Insider Trading Policy, falsely stating each quarter that the information submitted was "true, accurate, and complete." Li was charged in a parallel criminal action brought by the U.S. Attorney's Office for the Southern District of New York.
 - Justin Jennings and Vortex Strategies LLC (06/23/26) - The SEC charged Justin Jennings and Vortex Strategies LLC with insider trading based on material nonpublic information Jennings allegedly misappropriated from his romantic partner, who worked at a strategic communications and investor relations firm. The SEC alleged Jennings accessed information from her work-issued laptop about M&A, earnings, and other corporate events involving public-company clients and traded in eight public companies, generating approximately \$2.7 million in illicit profits; parallel criminal charges were also announced.

- Crypto Cases

Q2 2026 SEC crypto enforcement focused on fraud-based digital asset matters, not registration-only theories. The two new Q2 actions involved alleged investor fraud tied to Simple Agreements for Future Tokens (“SAFTs”), crypto tokens, and crypto trading representations.

- Donald G. Basile, GIBF GP, Inc., and Monsoon Blockchain Corporation (04/17/26) - The SEC charged Donald G. Basile and two controlled entities with allegedly defrauding hundreds of investors in a \$16 million SAFT offering tied to Bitcoin Latinum / LTNM. The SEC alleged false claims that LTNM was the “world’s first insured digital asset” with up to \$1 billion in coverage, that it was asset-backed, and that offering proceeds would support LTNM’s value, while Basile allegedly used millions of investor funds for personal expenses.
- Nathan Fuller (05/28/26) - The SEC charged Nathan Fuller in an alleged crypto asset trading scheme that raised approximately \$12.3 million from about 150 investors. The SEC alleged that Fuller falsely claimed he would use proprietary AI-based trading bots for high-frequency crypto arbitrage, promised short-term returns, misrepresented insurance/surety protections, misappropriated at least \$6.2 million, used approximately \$5.5 million for Ponzi-like payments, and used fake account statements and fabricated correspondence.

SEC Rulemaking & Guidance

- **Proposed Amendments to Form PF Reporting Requirements** - In April 2026, the SEC and CFTC jointly proposed amendments that would significantly amend and reduce Form PF reporting requirements for certain RIAs to private funds. If adopted, the proposal would eliminate Form PF filing requirements for small and mid-sized private fund managers, applying the form only to private fund managers with more than \$1 billion in private fund assets under management, while increasing the large hedge fund adviser threshold to \$10 billion in hedge fund AUM. This would reduce the number of large hedge fund managers subject to quarterly reporting on Section 2 and current reporting on Section 5 within 72 hours of certain triggering events related to investment losses, market volatility, and liquidity, and the events triggering Section 5 reporting would themselves be scaled back. Private equity firms would no longer be subject to reporting on Section 6 in the event of material governance changes, early termination, and adviser-led secondaries. Other proposed changes would further reduce the Form PF reporting burden resulting from prior amendments applicable to large hedge funds or all filers. The proposal requested public comment for at least 60 days following Federal Register publication and would not affect Form PF reporting due by April 30, large hedge fund reporting due by May 29, or any required material event disclosures under Sections 5 or 6 in the near term. The SEC has proposed at least a 12-month transition period following adoption, while noting it is mindful of the October 1, 2026 compliance date for the 2024 Form PF amendments when considering

the timing of any final rule. We will continue to monitor the status of this proposal and its impact on clients' future Form PF reporting obligations. ([SEC Release](#))

- **SEC Rescinds Longstanding “No-Deny” Settlement Policy** - In May 2026, the SEC rescinded Rule 202.5(e), the decades-old policy that had required settling defendants and respondents to agree not to publicly deny the SEC's allegations as a condition of settlement. The rescission applies retroactively, meaning the SEC will not seek to enforce no-deny provisions in settlements that have already been entered, and aligns the SEC with the majority of federal agencies that do not impose similar restrictions. The change does not alter the SEC's existing discretion regarding admissions in settlements. For private fund managers and advisers resolving SEC matters, the rescission may make settlement comparatively more attractive, since firms and individuals will retain the ability to publicly contest the SEC's allegations after resolving a matter. ([SEC Press Release](#))
- **SEC Publishes Draft Strategic Plan for Public Comment** - In June 2026, the SEC published a Draft Strategic Plan for fiscal years 2026 through 2030 and opened a public comment period. The Plan outlines three goals: (1) renewing the SEC's regulatory policy focus to support innovation, capital formation, market efficiency, and investor protection, including modernizing and simplifying disclosure requirements and expanding access to private markets; (2) shifting regulatory practices to increase stakeholder engagement, facilitate compliance, and return the SEC's enforcement approach to traditional fraud and fiduciary-duty violations rather than expanding regulatory reach through enforcement, alongside periodic retrospective reviews of existing rules; and (3) optimizing operational efficiency through organizational restructuring, technology modernization (including EDGAR), and improved performance accountability. While a strategic plan does not itself change any rule, it signals the SEC's rulemaking priorities for private fund advisers and other market participants over the coming years. ([SEC Press Release](#))
- **SEC Risk Alert: Adviser Obligations Related to Economic Conflicts of Interest** - In June 2026, the SEC's Division of Examinations issued a Risk Alert highlighting that investment advisers must fully and fairly disclose all economic conflicts of interest, particularly those arising from compensation, revenue sharing, and product recommendations. The alert noted that examinations continue to reveal deficiencies in these areas, including undisclosed or misleading disclosures about revenue arrangements, inconsistent fee billing practices, and compliance programs that fail to address all types of billing arrangements or monitor fee accuracy. CCOs should ensure that disclosures are clear, complete, and consistent across all documents, and that compliance programs are robust enough to identify, monitor, and address economic conflicts and fee-related issues. Regular reviews and updates to policies, procedures, and client communications are essential to meeting fiduciary obligations and regulatory expectations. While the deficiencies addressed in this Risk Alert are most relevant for wealth managers, private fund managers should review cash management and treasury arrangements, as well as other forms of compensation applicable to their business, for similar potential conflicts of interest. ([SEC Risk Alert](#))
- **SEC-CFTC Joint Requests for Comment on Derivatives Harmonization** - Building on their March 2026 memorandum of understanding, the SEC and CFTC issued joint requests for

public comment in June 2026 seeking to harmonize derivatives product definitions and interpretive issues (including the scope of the “swap” and “security-based swap” definitions) and to further harmonize portfolio margining and cross-margining frameworks across securities, security-based swaps, futures, and swaps. The portfolio margining initiative is driven in part by an upcoming clearing mandate for U.S. Treasury securities and related futures expected to take effect by the end of 2026, which will route significantly more trading volume through central clearinghouses. Hedge funds, credit funds, and other derivatives-trading private fund managers operating across both SEC- and CFTC-regulated products should monitor these initiatives, as eventual rulemaking could affect margin requirements, collateral treatment, and reporting obligations. ([SEC Press Release](#))

Other Regulatory Developments

The U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) continued an active sanctions program involving Russia, Iran, Venezuela, transnational criminal organizations, and various terrorism-related designations. These sanctions developments remain relevant for investment advisers in connection with investor onboarding, beneficial ownership reviews, cross-border fundraising, portfolio company diligence, and co-investment activities. ([OFAC Actions](#))

The SEC hosted two regional compliance outreach programs this quarter as well as several other events as follows.

- [Atlanta Compliance Outreach \(05/12/26\)](#) - Virtual outreach program covering Regulation S-P compliance and examination practices for advisers and funds. No archive yet posted.
- [New York Compliance Outreach \(06/16/26\)](#) - Virtual outreach seminar covering examination priorities, common deficiencies, private fund issues, compliance programs, and new registrant exams. No archive yet posted.
- [Option Market Structure Roundtable \(04/16/26\)](#) - Public roundtable on listed options market structure, competition, customer experience, and market growth issues.
- [Small Business Capital Formation Advisory Committee Meeting \(04/28/26\)](#) - Public meeting to encourage more companies to go public.
- [Investment Advisory Committee Meeting \(06/04/26\)](#) - Public meeting discussing private markets, passive index funds, proxy voting, and quarterly versus semiannual reporting.
- [Executive Compensation Disclosure Roundtable \(06/26/26\)](#) - Public meeting discussing private markets, passive index funds, proxy voting, and quarterly versus semiannual reporting.

Recent Events

We continue to host and participate in events focused on current regulatory developments and practical compliance considerations. A list of recent events is provided below. **If you missed a session and would like access to the presentation materials or recordings, or to receive invitations to future events, please reach out Joe Sacht - jsacht@standishcompliance.com.**

- Webinar: Standish & Debevoise & Plimpton - SEC Exam Readiness & Best Practices (6/23/26)
 - Topics focused on how private fund advisers and RIAs can prepare for, navigate, and respond to an SEC Examination.
- [Webinar: Standish & Perkins - Emerging Manager Bootcamp](#) (05/14/26)
 - Topics include fund management entity structures, regulatory requirements, fundraising strategies, and common pitfalls for first-time fund managers.
- [Maryellen Maurer Featured on Weil Asset Management Corner Podcast](#) (05/13/26)
 - Standish Managing Director, Maryellen Maurer, reflects on her experiences as an in-house compliance officer, compliance consultant, and regulator, and discusses current trends she sees during SEC Examinations.
- Investment Adviser Association PE Fund Advisers Committee (05/05/26)
 - Topics included affiliated transactions, substantiation under the Marketing Rule, SEC exam requests from the Private Funds Unit, and other exam hot topics related to compliance program oversight and related to private funds.