SEC Enforcement Case Summary
Private Fund Adviser and CEO Charged with Defrauding Pre-IPO Fund Investors

On August 10, 2026, the Securities and Exchange Commission (***SEC***) charged Adit Ventures Management, LLC, an unregistered private fund adviser, its founder and CEO, Eric Munson, and three affiliated general partners (the ***General Partners***) with defrauding fund investors in connection with investments in pre-IPO shares of companies including SpaceX, Klarna, and others. According to the SEC's complaint, from April 2019 through December 2024, Adit Ventures Management managed more than 60 funds with more than 1,000 investors, including single-stock funds that invested in one pre-IPO company, diversified funds that invested in multiple pre-IPO companies, and related co-invest funds. Single-stock and co-invest funds were structured to wind down if the target company completed an IPO, with shares distributed in kind or sold and the proceeds distributed pro rata. Diversified funds had a fixed life. Munson purportedly offered investors access to pre-IPO shares in hopes of significant profits if the companies were sold or went public. However, the SEC alleged multiple abuses, including misrepresentations to investors, misappropriation of client assets, undisclosed principal transactions, conflicted loan arrangements, and millions of dollars in undisclosed and unauthorized fees.

Misrepresentations to Investors

The SEC alleged that Munson made false statements to investors about the funds' ownership of pre-IPO shares, the urgency and timing of investments, and the level of his personal investment in the funds. For example, in 2020, Munson induced one investor to invest more than $15 million by representing, including in a side letter he signed, that a fund owned 32,000 Klarna shares when it held none. Munson allegedly concealed that the intended seller had decided not to sell, and the fund acquired the shares only after the investor threatened legal action nearly a year later. In another example, Munson allegedly induced an investor to contribute $5 million to a diversified fund by promising that Munson or an affiliated vehicle would invest approximately $5 million alongside the investor. The complaint alleges that Munson did not timely make the promised investment and, as of September 2025, had contributed only about half of that amount. The defendants also allegedly represented that investor capital was needed immediately for near-term pre-IPO opportunities, although portions of the capital were instead diverted or loaned to affiliates or other funds.

Misuse of Fund Capital

According to the complaint, defendants required investors to invest capital immediately and then misappropriated it or loaned it to themselves to finance business operations and other fund investments. For example, after an investor contributed $5 million to one fund, Munson allegedly used it to complete a General Partner's purchase of Flexport shares, which the General Partner sold a month later for a profit of approximately $1.8 million that was not shared with the fund. After returning the $5 million, the General Partner immediately borrowed the full amount back from the fund, leaving the investor's capital unavailable to the fund for years. The complaint also alleged that $4 million contributed in connection with a Klarna investment was loaned to the fund's General Partner and then to another fund without disclosure. According to the SEC, these uses conflicted with fund documents, reduced fund liquidity, exposed client assets to unsecured credit risk, and benefited borrowers rather than the lending funds.

Loan Arrangements and Line of Credit

The SEC alleged that the General Partners took more than 50 unsecured loans from the funds totaling tens of millions of dollars, and that defendants caused the funds to make at least three fund-to-fund loans. Munson often signed the loan documents on behalf of both the borrower and the lender. The

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loans carried 6% interest with no fees or collateral, compared to the 17% rate the General Partners paid on third-party financing, and in nearly one-third of the loans, interest went unpaid for at least one year and in some cases more than three years. In late 2023, after SEC staff began inquiring about these loans, Munson arranged a $10 million line of credit for two General Partners, falsely telling the lender that fund agreements allowed fund assets to be pledged. Defendants then transferred custody of millions of pre-IPO shares held by the funds to the lender as collateral without telling the funds or their investors. The shares remained encumbered for approximately one year until, following repeated SEC staff inquiries, defendants repaid part of the loan and renegotiated the collateral terms.

Markups and Unauthorized Fees

The complaint alleged that defendants used fund loans and their own capital to buy pre-IPO shares, then immediately sold those shares to the funds at higher prices through undisclosed principal transactions without obtaining the consent required by Section 206(3) of the Investment Advisers Act (***Advisers Act***). The defendants allegedly concealed markups by reporting an "Original Purchase Price" equal to the investor price even when the shares had been acquired for less. In one SpaceX example, investors allegedly paid $498 per share when the defendants had paid $420 per share. Defendants also allegedly charged "Acquisition Fees" to diversified and co-investment funds whose governing documents did not authorize those fees, and in certain cases charged fees despite side letters expressly prohibiting them. According to the SEC, defendants earned tens of millions of dollars through these markups and fees.

Registration Violations

The SEC alleges that Adit Ventures Management failed to register as an investment adviser as required by Section 203(a) of the Advisers Act. From April 2016 through March 2024, the firm claimed the venture capital adviser exemption, which is available only to an adviser that acts solely for qualifying venture capital funds. According to the complaint, certain Adit-managed funds did not qualify for the exemption. The SEC alleges that Munson knew by at least May 2022 that the firm did not qualify, but Adit Ventures Management did not register or correct its filings in 2022 and filed another Form ADV in March 2023 claiming the exemption. Adit Ventures Management registered with the SEC in March 2024.

Charged Violations & Resolution

The SEC's complaint, filed in the U.S. District Court for the Southern District of New York, charged defendants with violating the antifraud provisions of the Securities Act, the Exchange Act, and the Advisers Act and charged Adit Ventures Management with failing to register. Without admitting the allegations, the defendants consented to a judgment, subject to court approval, providing for permanent injunctions and monetary relief in amounts to be determined by the court. Munson also agreed to an associational bar, with the right to apply for reentry after three years. The case highlights the SEC's continued focus on private fund conflicts of interest, including fund loans to affiliates, principal transactions, and fees not authorized by fund documents. It also serves as a reminder that advisers relying on the venture capital exemption must confirm that every fund they advise meets the definition.

See SEC Complaint – SEC v. Eric L. Munson et al., No. 1:26-cv-06800 (S.D.N.Y. filed Aug. 10, 2026)

See SEC Litigation Release – Litigation Release No. 26605 (Aug. 10, 2026)