SEC Enforcement Case Summary
Adviser and CEO Charged for Inadequate Due Diligence on Fund Liquidation Transaction

On September 18, 2026, the Securities and Exchange Commission (***SEC***) settled charges against registered investment adviser Hatteras Investment Partners, LP (***HIP***) and its co-founder, CEO, and majority owner, David B. Perkins, for breaching their fiduciary duty to registered funds they managed by causing the funds to enter into a liquidation transaction without a reasonable basis to believe it was in the funds' best interest. HIP, based in Raleigh, North Carolina, has been registered with the SEC since 2004 and reported approximately $114.7 million in assets under management in its most recent Form ADV. Perkins also serves as HIP's Chief Compliance Officer, CEO and President of affiliated broker-dealer Hatteras Capital Distributors, LLC, and Chairman of the board of the funds HIP manages. Neither respondent had any prior disciplinary history. Unlike many of the SEC's recent private fund cases, this case does not involve misappropriation or intentional misconduct. Rather, it rests on a negligent due diligence process for a single, high-stakes transaction that resulted in approximately $300 million in fund losses.

Illiquid Funds Under Redemption Pressure

HIP managed the Hatteras Master Fund, LP and four feeder funds (collectively, the ***Core Funds***), registered funds organized in a master-feeder structure that invested in a portfolio of illiquid alternative assets. Investors could redeem only through quarterly tender offers, which the board historically approved for up to 5% of net asset value (***NAV***). The Core Funds' assets declined from approximately $1.5 billion in 2014 to under $400 million by 2020, while redemption requests grew to exceed 50% of NAV. At the board's request, HIP explored liquidation options. In December 2019, two secondary brokers presented proposals projecting a loss of approximately 20% of NAV and nearly a year to complete a sale. The board declined both proposals and asked HIP to find an alternative.

The Beneficient Transaction

In March 2021, Beneficient, a Dallas-based alternative asset company and then a subsidiary of GWG Holdings, Inc., approached HIP through a former HIP managing director. Beneficient proposed exchanging the Master Fund's entire portfolio of illiquid alternative assets for Beneficient preferred B-2 shares valued at the Core Funds' full NAV, rather than at the discount a secondary sale would require. The preferred shares would convert to common stock when Beneficient became publicly listed, giving shareholders a path to liquidity and, as presented, the ability to recoup the full value of their investments. As part of the arrangement, HIP would continue to manage the underlying portfolio funds transferred to Beneficient, and Beneficient would contribute assets to seed new funds for HIP to manage.

Due Diligence Failures

According to the SEC order, Perkins conducted HIP's due diligence on Beneficient "almost entirely on his own," even though he acknowledged he was "not a CPA, not a CFA, not a financial analyst." HIP's outside counsel advised on deal mechanics and Investment Company Act compliance but did not perform any financial analysis. The SEC found that Perkins proceeded despite numerous red flags, including that:

- Goodwill made up 88% of Beneficient's assets
- Beneficient reported net losses of $167.3 million and $50.9 million in the two prior years

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- GWG disclosed an ongoing SEC investigation relating to Beneficient's accounting practices and goodwill valuation, restated prior financial statements, and announced plans to deconsolidate Beneficient
- Beneficient's private placement memorandum disclosed extensive risk factors

In mid-November 2021, Perkins asked HIP's fractional CFO to review Beneficient's financial statements. After meeting with Beneficient's CFO, HIP's CFO opposed the transaction, citing concerns over Beneficient's earnings and the amount of goodwill on its balance sheet. Perkins nevertheless decided to proceed. The SEC also found that Perkins took no additional steps to verify that Beneficient would be profitable as a standalone company after separating from GWG, did not adequately review the offering documents, and incorrectly believed that the preferred shares would not be subject to a regulatory lockup period. The order concluded that respondents "did not fully appreciate the many risks associated with Beneficient or the deal itself."

Board Approval and Outcome

At a December 7, 2021 board meeting, approximately three weeks after the CFO's objection, Perkins told the board that HIP had completed thorough due diligence of Beneficient and had determined that the transaction would be in the best interest of the Core Funds' shareholders, presenting it as a quick and efficient liquidation. The board unanimously approved the liquidation and deregistration of the Core Funds. Beneficient subsequently went public through a business combination with a special purpose acquisition company (SPAC) in June 2023, and its share price dropped more than 40% on the first day of trading. Only then did Perkins learn that the Master Fund's shares were subject to a three-month regulatory lockup and could not be sold. Beneficient later wrote down more than $2 billion of goodwill, and the Core Funds lost approximately $300 million. More than three years later, the Core Funds remain in a plan of liquidation and have not been able to deregister.

Charged Violations & Resolution

The SEC found that respondents willfully violated Section 206(2) of the Investment Advisers Act of 1940, which does not require scienter and may rest on a finding of negligence, because they lacked a reasonable basis to conclude that the transaction was in the Core Funds' best interest. Without admitting or denying the findings, HIP and Perkins agreed to a cease-and-desist order and censure, and Perkins agreed to pay a $250,000 civil penalty in installments over one year. The SEC did not impose a penalty on the firm. The case is a reminder that an adviser's duty of care applies to fund-level transactions, not only to individual portfolio investments. Firms considering novel liquidity or restructuring solutions should involve qualified personnel in financial due diligence, document how red flags were resolved, escalate internal objections, and give boards and investors a complete picture of the risks.

The case, as we have been seeing with others under this current SEC administration, also illustrates the SEC's willingness to pursue individual executives, including those who serve in multiple roles, for negligent decision making.

See SEC Order – In the Matter of Hatteras Investment Partners, LP and David B. Perkins, Advisers Act Release No. 6997 (Sept. 18, 2026)