

>>>FAIRVIEW FLASH REPORT <<<

SEC Sanctions Portfolio Manager for
Forging Documents and Misleading CCO

WHAT HAPPENED?	<p>The SEC sanctioned a former portfolio manager, Carl Johns, for forging documents and misleading the adviser's CCO in an attempt to hide the fact that he had not reported his personal trades.</p> <p>The SEC found that Johns did not pre-clear hundreds of trades as required by his former firm's Code of Ethics. In addition, he modified brokerage statements and other documents that he included with his quarterly and annual trading reports.</p> <p>Johns also created what he claimed were pre-trade approvals and deceived the firm's CCO in her investigation concerning his trading practices.</p>
WHAT WAS THE SETTLEMENT?	<p>In Johns' settlement with the SEC, he agreed to pay more than \$350,000 and be barred from the securities industry for a minimum of five years. This is the first instance of the SEC issuing sanctions for misleading and obstructing a CCO.</p>
TAKEAWAY	<p>Requiring that your access persons have statements sent directly to the CCO or designee, along with certifications from the access persons that they have reported all accounts are practices designed to protect the CCO and the firm.</p>