



## Client Alert

### **Cherokee Investment Partners, LLC and Cherokee Advisers, LLC Settles with the Securities and Exchange Commission Over Improper Compliance Expense Allocation**

December 4, 2015 – In yet another example of the Securities and Exchange Commission’s continued focus on improper expense allocation to investors, Cherokee Investment Partners, LLC and Cherokee Advisers, LLC agreed with the SEC last month to pay \$100,000 in fines for allegedly misallocating legal expenses related to investment adviser registration costs to investors.

The cease and desist order issued by the enforcement division of the SEC reported that Cherokee charged expenses related to its registration as an investment adviser to the funds they managed, instead of being absorbed internally. However, the disclosure in the partnership agreements entered into by the limited partners only noted that the funds would be charged for expenses that arose out of the operation and activities of the Funds and not specifically for the advisers’ legal and compliance costs.

If you have any questions concerning this alert, please contact your Morrison Cohen attorneys.