

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. IA-6284 / April 14, 2023**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21369**

**In the Matter of**

**CORVEX MANAGEMENT  
LP,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 203(e) AND  
203(k) OF THE INVESTMENT ADVISERS  
ACT OF 1940, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS AND  
A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Corvex Management LP (“Respondent” or “Corvex”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Summary

1. These proceedings arise from violations of the Advisers Act by Corvex Management LP, a registered investment adviser, in connection with the firm's activities related to certain special purpose acquisition companies ("SPACs"). Corvex failed to make timely disclosure of conflicts of interest and failed to adopt and implement reasonably designed written policies and procedures regarding Corvex personnel's ownership interests in SPAC sponsors and Corvex's practice of investing client assets in private placement in public equity ("PIPE") transactions in connection with the business combinations of affiliated SPACs. As a result, Corvex violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

## Respondent

2. **Corvex Management LP**, a Delaware limited partnership with its principal place of business in New York, New York, has been registered with the Commission as an investment adviser since 2012. Corvex provides investment advisory services to pooled investment vehicles, including Corvex Select Equity Master Fund LP and Corvex Master Fund LP. In its Form ADV dated March 31, 2022, Corvex reported that it had approximately \$2.94 billion in regulatory assets under management.

## Other Relevant Entities

3. Corvex Select Equity Master Fund LP is a private fund organized under the laws of the Cayman Islands.

4. Corvex Master Fund LP is a private fund organized under the laws of the Cayman Islands.

5. CM Life Sciences, Inc. ("CMLS") was a Delaware corporation incorporated in July 2020 that consummated an initial public offering as a SPAC on September 1, 2020. CMLS's sponsor was approximately 50% owned by Corvex supervised persons. CMLS entered into a business combination agreement that closed on July 22, 2021.

6. CM Life Sciences II, Inc. ("CMLS II") was a Delaware corporation incorporated in December 2020 that consummated an initial public offering as a SPAC on February 25, 2021. CMLS II's sponsor was approximately 50% owned by Corvex supervised persons. CMLS entered into a business combination agreement that closed on September 1, 2021.

7. CM Life Sciences III, Inc. ("CMLS III") was a Delaware corporation incorporated in January 2021 that consummated an initial public offering as a SPAC on April 9, 2021. CMLS III's sponsor was approximately 50% owned by Corvex supervised persons. CMLS entered into a business combination agreement that closed on December 17, 2021.

## Facts

### *Failure to Adequately Disclose SPAC Conflicts*

8. A SPAC generally is a shell company that is organized for the purpose of merging with or acquiring one or more unidentified private operating companies within a certain time frame (often two years) and that conducts a firm commitment underwritten initial public offering of \$5 million or more in redeemable shares and, at times, warrants. A SPAC sponsor is the entity and/or persons primarily responsible for organizing, directing, or managing the business and affairs of a SPAC. The sponsor typically is compensated through an amount equal to a percentage (often 20% to 25%) of the SPAC's initial public offering proceeds (in the form of discounted shares and, at times, warrants). This sponsor compensation is often referred to as the sponsor's "promote" or "founder shares," and it is received upon completion of a SPAC's business combination.

9. From July 2020 through January 2021, Corvex personnel were involved in the formation of three SPACs: CMLS, CMLS II, and CMLS III. Approximately 50% of the ownership of the sponsors of CMLS, CMLS II, and CMLS III was shared by Corvex supervised persons.

10. As a result of their ownership interests in the sponsors of CMLS, CMLS II, and CMLS III, Corvex personnel were entitled to receive a portion of the SPAC sponsor compensation. Accordingly, Corvex personnel had material conflicts of interest that could affect the advisory relationship between Corvex and its advisory clients, and could cause Corvex to render advice that was not disinterested.

11. For instance, because the sponsor compensation was contingent upon the SPAC's completion of a business combination, Corvex personnel had financial incentives to cause Corvex advisory clients to make SPAC-related investments that would help ensure CMLS, CMLS II, and CMLS III completed business combinations. Corvex had the power to make investment decisions on behalf of private funds that Corvex advised, including by causing such private funds to purchase securities in PIPE transactions to assist with financing SPAC business combinations. In connection with the business combinations consummated by CMLS, CMLS II and CMLS III, Corvex caused its advisory clients, including but not limited to Corvex Select Equity Master Fund LP and Corvex Master Fund LP, to participate in PIPE transactions in the amount of \$45 million, \$25 million, and \$52.5 million, respectively.

12. Thus, Corvex personnel had conflicts of interest that, among other things, could affect both whether or not Corvex selected certain investments on behalf of its advisory clients as well as the size and scope of any such investments.

13. Nevertheless, Corvex failed to make timely disclosure of its SPAC-related conflicts of interest to the boards of directors of private funds it advised. Corvex first made certain SPAC-related disclosures to private fund directors on April 23, 2021, by providing them with Corvex's Form ADV Part 2A brochure dated March 31, 2021. However, by this time: (i) CMLS already had been formed, consummated an initial public offering, and announced a business combination agreement, and the Corvex Select Equity Master Fund LP and Corvex Master Fund LP had

subscribed to a related PIPE transaction; (ii) CMLS II already had been formed, consummated an initial public offering, and announced a business combination agreement, and the Corvex Select Equity Master Fund LP and Corvex Master Fund LP had subscribed to a related PIPE transaction; and (iii) CMLS III already had been formed and consummated an initial public offering. In addition, neither Corvex’s prior Form ADV Part 2A brochure, dated March 30, 2020, nor the offering memoranda for the Corvex Select Equity Master Fund LP and Corvex Master Fund LP fully and fairly disclosed the conflicts of interest related to CMLS, CMLS II, or CMLS III.

14. Furthermore, the limited partnership agreements for the Corvex Select Equity Master Fund LP and Corvex Master Fund LP empowered Corvex to appoint an advisory committee comprised of limited partners not affiliated with Corvex to consult regarding, and potentially consent to, matters involving a conflict of interest between Corvex on one hand and the limited partners or the private fund on the other hand. Nevertheless, Corvex did not appoint any such advisory committee to consider the PIPE transactions related to the CMLS, CMLS II, or CMLS III business combinations, or any other activities related to CMLS, CMLS II, or CMLS III. Corvex did not otherwise seek consent from independent representatives of the Corvex Select Equity Master Fund LP and Corvex Master Fund LP or their limited partners to enter into the PIPE transactions related to CMLS, CMLS II, or CMLS III.

### ***Compliance Deficiencies***

15. Since at least September 2020, Corvex failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder concerning Corvex personnel’s co-ownership of SPAC sponsors and Corvex’s investment of client assets in SPACs affiliated with those sponsors. Corvex personnel launched multiple SPACs for which certain of Corvex’s supervised persons co-owned the sponsoring entities, but Corvex lacked policies and procedures reasonably designed to provide appropriate disclosure about this business practice and the associated conflicts of interest to advisory clients and investors in Corvex-managed funds, or to appropriately disclose or eliminate the conflicts related to Corvex’s investments on behalf of advisory clients in such affiliated SPACs.

### **Violations**

16. As a result of the conduct described above, Respondent willfully<sup>2</sup> violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or

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<sup>2</sup> “Willfully,” for purposes of imposing relief under Section 203(e) of the Advisers Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ted]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

indirectly, to “engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client.” Scierter is not required to establish a violation of Section 206(2), but rather a violation may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)).

17. As a result of the conduct described above, Respondent willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Corvex’s Offer.

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Corvex cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) and of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

B. Respondent Corvex is censured.

C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$1 million to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard

Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Corvex Management LP as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Brendan P. McGlynn, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary