UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6940 / January 16, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22578

In the Matter of **ENGAGED CAPITAL, LLC,** **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 Engaged Capital, LLC ("Engaged" or "Respondent").

II.

In anticipation of the institution of these proceedings, Engaged 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, Engaged 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 Engaged's Offer, the Commission finds[1] that:

Summary

[1] The findings herein are made pursuant to Engaged's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

1. These proceedings arise from violations of the Advisers Act by Engaged, a registered investment adviser, in connection with the firm's activities related to a special purpose acquisition company ("SPAC"). In 2022, as part of the SPAC transaction, Engaged invested client assets in SPAC transactions that increased the potential value of investments related to that SPAC previously made by Engaged, its personnel, and its clients. Engaged did not disclose that it had conflicts of interest relating to investing its clients in the 2022 transactions. As a result, Engaged violated Section 206(2) of the Advisers Act.

Respondent

2. Engaged, a Delaware limited liability company with its principal office and place of business in Newport Beach, California, has been registered with the Commission as an investment adviser since 2012. Engaged provides investment advisory services predominantly to private pooled investment vehicles. In its Form ADV dated April 4, 2025, Engaged reported that it had approximately $652 million in regulatory assets under management.

Other Relevant Entity

3. SilverBox Engaged Merger Corp I ("SBEA") was a Delaware corporation formed on December 31, 2020 that consummated an initial public offering as a SPAC in March 2021. Engaged was one of three parties that formed a SPAC sponsor, SilverBox Engaged Sponsor LLC ("SPAC sponsor"), that invested in SBEA. Engaged, some of its employees, and its clients owned 34% of the SPAC sponsor. SBEA entered into a business combination that closed on February 9, 2022, as a result of which BRC Inc. d/b/a Black Rifle Coffee Company was formed as a public benefit corporation with common stock that trades on the New York Stock Exchange under the ticker symbol "BRC" ("BRC Inc.").

Facts

Failure to Disclose SPAC Conflicts

4. 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.

5. The sponsor typically receives access to an investment in the SPAC in an amount equal to a percentage of the SPAC's initial public offering proceeds in the form of discounted shares and, at times, warrants. This is often referred to as the sponsor's "promote" or "founders' shares," and it is received upon completion of a SPAC's business combination.

6. In February 2021, for its role in the SPAC transaction at issue, Engaged was entitled to purchase 2,669,000 founders' shares as well as 2,193,334 private placement warrants of the SPAC sponsor, which provided exposure to SBEA. The dollar amount of these investments was approximately $3,298,444, which Engaged allocated to its clients, itself, and its own personnel. Engaged and its personnel funded 20%, or $660,254, of the investment and received 20% of the shares and warrants. Engaged invested its advisory clients in the remaining 80%, or $2,638,190, and these clients received 80% of the shares and warrants. Subsequently, Engaged received an additional 243,750 founders' shares in SBEA as a reallocation from another owner of the SPAC sponsor.

7. In February 2022, to provide financing for the closing of the business combination, Engaged invested $160,250,000 of client assets through a forward purchase agreement ("FPA") and private investment in public equity ("PIPE") in BRC. Of that amount, Engaged's personnel's investment through those clients amounted to 4.7%. Through these investments, SBEA was able to consummate the business combination and increase the potential value of the founders' shares and warrants. The FPA and PIPE investments were necessary to complete the ultimate business combination and give value to the founders' shares and warrants that Engaged, its personnel, and its clients had previously received.

8. Engaged's and its personnel's ownership interests in the founders' shares and warrants created material conflicts of interest that could affect the advisory relationship between Engaged and its advisory clients, and could cause Engaged to render advice that was not disinterested.

9. For instance, because the value of the founders' shares and warrants issued by the SPAC sponsor was contingent upon a later business combination occurring, Engaged and its personnel had financial incentives to ensure a business combination for SBEA, even if the transactions or its terms were not in the best interests of Engaged's clients. Thus, Engaged had conflicts of interest that, among other things, could affect both whether or not Engaged selected certain investments on behalf of its advisory clients, as well as the size and terms of any such investments.

10. Engaged did not disclose its or its personnel's SPAC-related conflicts to the Engaged clients that invested in the FPA or PIPE. Specifically, Engaged failed to disclose the conflicts created by its investment in the founders' shares and private placement warrants.

11. As a result of the business combination funded in part by Engaged clients' investments in the FPA and PIPE, the SPAC sponsor shares increased in value, although the investments through the FPA and PIPE have decreased in value.

Violations

12. As a result of the conduct described above, Engaged willfully[2] violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client." Scienter 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)).

IV.

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

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

A. Respondent Engaged cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondent Engaged is censured.

C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $200,000 to the Securities and Exchange Commission. 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:

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[2] "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).

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 Engaged Capital, LLC 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 Sarah Nilson, Esq., Assistant Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, 9th Floor, Los Angeles, CA 90071.

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