

ADMINISTRATIVE PROCEEDING
File No. 3-17722

Private Equity Fund Adviser Settles with the SEC for Violations Relating to Co-Investments with Affiliate

December 14, 2016 – The Securities and Exchange Commission announced today that New York-based private equity fund adviser New Silk Route Advisors, L.P. (NSR) has agreed to settle charges that it failed to obtain the consent of the advisory boards of certain funds it managed (the NSR Funds) to make co-investments with a fund affiliated with NSR’s CEO.

According to the SEC’s order instituting administrative and cease-and-desist proceedings, NSR advises the NSR Funds, and NSR’s CEO also is the CEO of a different registered investment adviser to other private equity funds (Adviser A). From approximately 2008 to 2014, the NSR Funds invested over \$250 million in four portfolio companies in which another private equity fund managed by Adviser A (the Related Fund) also invested. These co-investments posed conflicts of interest for NSR. To address such conflicts, the NSR Funds’ Limited Partnership Agreements (the LPAs) required NSR to obtain consent of the NSR Funds’ advisory boards before making any co-investment with the Related Fund. The LPAs also required NSR to disclose such co-investments to the advisory boards. Contrary to these requirements, NSR negligently failed to obtain the required consents of the NSR Funds’ advisory boards for any co-investments the NSR Funds made with the Related Fund between 2008 and 2014. And, NSR did not disclose these co-investments to the advisory boards before the co-investments were made.

The SEC’s order finds that NSR willfully violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 and 206(4)-8 thereunder. Without admitting or denying the findings of the SEC’s order, NSR consented to the entry of a cease-and-desist order and a censure, and agreed to pay a civil penalty of \$275,000.

The SEC’s investigation was conducted by Nikolay V. Vydashenko and Gregory Maccordy and supervised by Barbara L. Gunn of the Enforcement Division’s Asset Management Unit.

See also: [Order](#)