

Securities and Exchange Commission Settles Another Administrative Proceeding Against Investment Adviser for Inadequate Material Nonpublic Information Policies and Procedures

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On October 13, 2016 the U.S. Securities and Exchange Commission settled administrative proceedings against a San Francisco Investment Adviser, Artis Capital Management, L.P. (“Artis”) and its senior research analyst Michael W. Harden (“Harden”). The Proceeding relates to Artis’ failure to enforce its existing policies to prevent the misuse of material nonpublic information, and deficiencies in the scope and design of the policies.

The SEC’s Order specifies that Artis’ written policy failed to address the specific situation in which an Artis employee, Matthew Teeple (“Teeple”), frequently interacted with public company executives in various venues. On at least 2 occasions, Teeple provided Artis’ senior analyst Harden with material nonpublic information. Neither Harden, nor Teeple, complied with Artis’ written policy requiring each to disclose to Artis’ COO that they had come into possession of material nonpublic information from any source.

The SEC’s proceeding is further evidence of the SEC’s continuing emphasis on regulating the adequacy of and compliance of Investment Adviser employees with insider trading and material nonpublic information use policies.

Investment Advisors should review their existing policies and make any changes necessary to the policies as well as their procedures to prevent misuse of material nonpublic information.

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See a copy of the SEC’s Order [here](#).

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