



U.S. Securities and Exchange Commission

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AP SUMMARY

SEC Charges New York-Based Investment Adviser with Breaching Fiduciary Duty by Overcharging Management Fees to Private Funds

ADMINISTRATIVE PROCEEDING

File No. 3-22511

August 15, 2025 – The Securities and Exchange Commission today announced charges against TZP Management Associates, LLC (TZP), a New York-based registered investment adviser, for breaches of fiduciary duty regarding management fee calculation practices for its private fund clients related to compensation TZP received from portfolio companies. To settle the charges, TZP agreed to pay more than \$680,000 in monetary relief and to conduct a distribution to harmed investors.

According to the SEC's order, TZP provides investment advisory services to private funds, each of which is governed by a limited partnership agreement (LPA). The LPAs allow TZP to receive management fees from the funds, as well as transaction fees from portfolio companies, but require that TZP credit back to each fund a portion of the transaction fees to reduce or offset the management fees the funds owe to TZP. The order finds that, from October 2018 through November 2023, TZP breached its fiduciary duty to the funds by

engaging in two fee offset calculation practices related to its receipt of transaction fees that created conflicts of interest that were not adequately disclosed to the funds or their limited partners (LPs) and were inconsistent with the relevant LPAs. First, the order finds that TZP failed to adequately disclose that it received interest on deferred transaction fees from five portfolio company investments and did not include those amounts in the corresponding fee offsets. Second, the order finds that, for at least one portfolio company investment in which multiple funds invested, TZP improperly duplicated transaction fee reductions when calculating certain fee offsets. The order finds that TZP charged the funds more than \$500,000 in excess management fees as a result of these practices.

TZP consented to the entry of the SEC's order finding that it violated Section 206(2) of the Investment Advisers Act of 1940. In addition to a cease-and-desist order and censure, TZP agreed to pay \$508,877 in disgorgement and prejudgment interest and a \$175,000 civil penalty and was ordered to conduct a distribution to harmed LPs.

The SEC's investigation was conducted by Lee A. Greenwood of the Division of Enforcement's Asset Management Unit, Natallia Krauchuk and David Zetlin-Jones of the New York Regional Office, and Daniel Faigus of the Division of Examinations' Private Funds Unit. The investigation was supervised by Mr. Greenwood and Corey Schuster of the Asset Management Unit and Sheldon L. Pollock of the New York Regional Office. Matthew Harris and Jill De Armond of the Private Funds Unit assisted with the investigation.

Last Reviewed or Updated: Aug. 15, 2025

RESOURCES

- **Order - TZP Management Associates, LLC**