



People Moves

SEC Names New Co-Chiefs of Enforcement Division Asset Management Unit and Other Specialized Unit Chiefs

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By HFLR Editor, *Hedge Fund Law Report*

On January 13, 2010, the Enforcement Division of the Securities and Exchange Commission announced the appointment of the newest members of its national leadership team as the Division undertakes its most significant reorganization since its establishment in 1972.

The Division named leaders of units it has established in five priority areas dedicated to specialized and complex areas of securities law. The Division also has created a new Office of Market Intelligence that is responsible for the collection, analysis, and monitoring of the hundreds of thousands of tips, complaints and referrals that the SEC receives each year. These units and the new office will help provide the additional structure, resources, and expertise necessary for enforcement staff to keep pace with ever-changing markets and more comprehensively investigate cases involving complex products, markets, regulatory regimes, practices and transactions. See [“For Hedge Funds and Their Managers, the SEC’s New Enforcement Initiatives May Increase the Likelihood, Speed and Vigor of Inspections and Examinations,”](#) Hedge Fund Law Report, Vol. 2, No. 33 (Aug. 19, 2009).

The new Office of Market Intelligence will be led by Thomas A. Sporkin. This office will analyze tips according to internally-developed risk criteria as well as SEC priorities, and will utilize the expertise of the SEC’s other Divisions and of the specialized units to help analyze the tips and identify wrongdoing. Sporkin assumes this new role after serving as Deputy Chief in the Office of Internet Enforcement at the SEC since 2001. Previously, he was Senior Counsel and Staff Attorney in the SEC’s Division of Enforcement.

New Specialized Units

The specialized units and their Unit Chiefs are:

Asset Management: This unit will be led by Co-Chiefs Bruce Karpati and Robert B. Kaplan and will focus on investigations involving Investment Advisors, Investment Companies, Hedge Funds, and Private Equity Funds.

Karpati was founder and head of the SEC’s Hedge Fund Working Group, and has served as Assistant Regional Director for the New York Regional Office of the SEC. Earlier, he was a Branch Chief and Attorney in the Division of Enforcement at the agency. Previously, Mr. Karpati was an Associate at Dechert LLP in Washington, D.C.

Kaplan has served as Assistant Director of the SEC's Division of Enforcement. He previously held positions as Assistant Chief Litigation Counsel and Senior Counsel/Staff Attorney in the Division. Earlier, he was an Associate with Morgan, Lewis & Bockius LLP in New York.

Market Abuse: This unit will be led by Daniel M. Hawke, and will focus on investigations involving large-scale market abuses and complex manipulation schemes by institutional traders, market professionals, and others.

Hawke is Director of the SEC's Philadelphia Regional Office. He joined the SEC's Philadelphia office as Associate Regional Director, and previously served in the Washington, D.C. office as Branch Chief and Staff Attorney in the Enforcement Division. Earlier, he was a Litigation Partner at Tucker, Flyer & Lewis LLP in Washington, D.C.

The Market Abuse Unit Deputy Chief is Sanjay Wadhwa. Wadhwa has been Assistant Regional Director for the New York Regional Office of the SEC. Earlier, he was Branch Chief and Senior Counsel/Staff Attorney in the Division of Enforcement at the agency. Previously, he was an Associate at Skadden, Arps, Slate, Meagher & Flom LLP in New York.

Structured and New Products: This unit will be led by Kenneth R. Lench and will focus on complex derivatives and financial products, including credit default swaps, collateralized debt obligations, and securitized products.

Lench has served as Assistant Director, Branch Chief, Assistant Chief Counsel, and Senior Counsel/Staff Attorney with the SEC's Division of Enforcement. Earlier, he was a Senior Attorney with the SEC's Division of Corporation Finance, and an Associate with Sills Cummis P.C. in Newark, N.J.

The Structured and New Products Unit Deputy Chief is Reid A. Muoio, who has been an Assistant Director, Branch Chief, and Staff Attorney with the SEC's Division of Enforcement. Earlier, he was an Associate with Hughes Hubbard & Reed LLP in New York.

Foreign Corrupt Practices: This unit will be led by Cheryl J. Scarboro and will focus on violations of the Foreign Corrupt Practice Act, which prohibits U.S. companies from bribing foreign officials for government contracts and other business. Scarboro has served as Associate Director, Assistant Director, Deputy Assistant Director, and Staff Attorney in the SEC's Division of Enforcement. She also was Counsel to SEC Chairman Arthur Levitt, Jr. Earlier, she was an Associate at Sutherland, Asbill & Brennan LLP in Washington, D.C.

Municipal Securities and Public Pensions: This unit will be led by Elaine C. Greenberg and will focus on misconduct in the large municipal securities market and in connection with public pension funds including: offering and disclosure fraud; tax or arbitrage-driven fraud; pay-to-play and public corruption violations; public pension accounting and disclosure violations; and valuation and pricing fraud.

Greenberg is the Associate Regional Director of the Philadelphia Regional Office of the SEC and has served as the Co-Chair of the Division's national Municipal Securities Working Group. Earlier, she was Assistant Regional Director, Branch Chief, and Staff Attorney in the Philadelphia office.

The Municipal Securities and Public Pensions Unit Deputy Chief is Mark R. Zehner. Zehner has served as Regional Municipal Securities Counsel in the SEC's Philadelphia Regional Office and as Co-Chair of the Municipal Securities Working Group. Previously, he was an Attorney-Fellow in the Office of Municipal Securities in the SEC's Washington, D.C. office. Earlier, Zehner was a Partner with Saul, Ewing, Remick, & Saul LLP in Philadelphia.

Before January 13, 2010, among the recommendations already implemented, senior officers received the authority to open formal investigations and initiate the issuance of subpoenas to facilitate the swifter collection of evidence. Other initiatives that are being undertaken by the Division include substantially expanding staff training programs, streamlining management, putting additional experienced investigators on the front lines, revising internal enforcement procedures, restructuring processes to ensure better sharing of information, leveraging the knowledge of third parties, and revamping the handling of tips.

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