PRESS RELEASE

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SEC Charges Advisory Firm HG Vora for Disclosure Failures Ahead of Ryder Acquisition Bid

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Washington D.C., March 1, 2024 — The Securities and Exchange Commission today announced settled charges against New York-based investment adviser HG Vora Capital Management LLC for its failure to make timely ownership disclosures in the lead-up to its May 2022 acquisition bid for trucking fleet company Ryder System Inc. HG Vora agreed to pay a $950,000 civil penalty to settle the SEC's charges.

Under the federal securities laws, a company that owns more than five percent of a public company's stock must report its position and whether it has a control purpose, which is an intention to influence or control the company. According to the SEC's order, on Feb. 14, 2022, HG Vora disclosed that it owned 5.6 percent of Ryder's common stock as of Dec. 31, 2021, and certified that it did not have a control purpose. The order states that HG Vora then built up its position to 9.9 percent of Ryder's stock and formed a control purpose no later than April 26, 2022. The federal securities laws therefore required it to report its control purpose and its current ownership position by May 6, 2022, but it did not report this information until May 13. On that same day, HG Vora sent a letter to Ryder proposing to buy all Ryder shares for $86 a share, a sizeable premium over the trading price. Before the letter to Ryder and its filing, and after forming a control purpose, HG Vora purchased swap agreements that gave it economic exposure to the equivalent of 450,000 more shares of Ryder common stock. After HG Vora's public announcement of its bid on May 13, 2022, Ryder's stock price increased significantly.

"The federal laws and SEC rules covering ownership disclosure help keep investors fully informed about control – and potential changes in control – of publicly traded companies," said Mark Cave, Associate Director of the SEC's Division of Enforcement. "But, according to today's order, HG Vora deprived Ryder shareholders of information about its significant stake in the company, while building a large swaps position from which it stood to profit after announcing the Ryder takeover bid."

The SEC's order finds that HG Vora violated the beneficial ownership provisions of the Securities Exchange Act of 1934. Without admitting or denying the findings, HG Vora agreed to cease and desist from future violations and to pay the civil penalty discussed above. On Oct. 10, 2023, the SEC adopted rules shortening the deadline for filing an initial Schedule 13D from 10 to five business days. HG Vora was found to have violated the rules in effect at the time of the conduct at issue in the SEC's order by filing this report more than 10 days after forming a control purpose.

The SEC's investigation was conducted by Jonathan Cowen with assistance from Robert Nesbitt of the Office of Market Intelligence and Nicholas Panos from the Office of Mergers & Acquisitions. The investigation was supervised by Assistant Director Jeffrey Weiss and Mr. Cave.

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Last Reviewed or Updated: March 1, 2024

RESOURCES

- SEC Order