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PRESS RELEASE

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SEC Charges Advisory Firm Senvest Management with Recordkeeping and Other Failures

FOR IMMEDIATE RELEASE | 2024-44

Washington D.C., April 3, 2024 — The Securities and Exchange Commission today announced charges against registered investment adviser Senvest Management LLC for widespread and longstanding failures to maintain and preserve certain electronic communications. The SEC also charged Senvest with failing to enforce its code of ethics. To settle this matter, Senvest admitted the facts set forth in the Commission’s order, acknowledged that its conduct violated the federal securities laws, and agreed to pay a \$6.5 million penalty and to implement improvements to its compliance policies and procedures.

According to the Commission’s order, from at least January 2019 through December 2021, Senvest employees at various levels of authority communicated about company business internally and externally using personal texting platforms and other non-Senvest messaging applications in violation of the firm’s policies and procedures. Senvest also failed to maintain or preserve the off-channel communications as required under the federal securities laws and the firm’s policies and procedures. In one instance, three senior employees engaged in off-channel communications on personal devices that were set to automatically delete messages after 30 days. Additionally, the order finds that certain Senvest employees failed to adhere to provisions of the firm’s code of ethics requiring them to obtain pre-clearance for all securities transactions in their personal accounts.

“The Commission continues to focus on regulated entities’ compliance with the recordkeeping requirements. Adherence to these requirements is essential for the Commission to effectively exercise its regulatory oversight and enforce the federal securities laws,” said Eric Werner, Director of the Fort Worth Regional Office.

The order finds that Senvest violated certain recordkeeping and ethics provisions of the Investment Advisers Act of 1940 and failed to reasonably supervise with a view to preventing and detecting violations. In addition to the \$6.5 million penalty, Senvest was censured and ordered to cease and desist from future violations of the relevant provisions of the federal securities laws. The firm also agreed to retain a compliance consultant to, among other things, conduct comprehensive reviews of its policies and procedures relating to the retention of electronic communications found on personal devices and the framework for addressing non-compliance by its employees with those policies and procedures.

The SEC’s investigation was conducted by Tom Keltner, Jaime Marinaro, and Jeaneen Kappell of the Fort Worth Regional Office and was supervised by Timothy McCole, B. David Fraser, and Mr. Werner.

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