

SEC Charges Advisory Firm Navy Capital With Misrepresenting Its Anti-Money Laundering Procedures to Investors

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Press Release

For Immediate Release

2025-8

Washington D.C., Jan. 14, 2025 —

The Securities and Exchange Commission today charged Connecticut-based investment adviser Navy Capital Green Management, LLC with making misrepresentations related to its anti-money laundering (AML) procedures and for compliance failures. Navy Capital agreed to settle the SEC’s charges and pay a \$150,000 civil penalty.

The SEC’s order finds that, from at least October 2018 until January 2022, Navy Capital stated in offering and other documents provided to prospective and existing private fund investors that the firm was voluntarily complying with AML due diligence laws despite those laws not applying to investment advisers, including by conducting specific types of AML due diligence on prospective investors and conducting ongoing AML due diligence monitoring on existing investors. According to the order, Navy Capital’s private fund investors included multiple foreign-based entities with opaque beneficial ownership and sources of wealth. The order finds that Navy Capital did not, in fact, always conduct the AML due diligence as described, including with respect to an entity owned by an individual publicly reported to have suspected connections to money laundering activities. As noted in the order, a foreign court eventually froze the assets of one of Navy Capital’s private funds because it held funds from that investor. The SEC’s order further finds that Navy Capital failed to adopt and implement written policies and procedures reasonably designed to ensure the accuracy of offering and other documents provided to prospective and existing investors.

“This case reinforces the fundamental duty of investment advisers to say what they do and do what they say,” said Tejal D. Shah, Associate Regional Director of the SEC’s New York Regional Office. “Here, Navy Capital failed to follow the AML due diligence procedures that it

said it would, thus misleading investors about the level of risk they were undertaking.”

The Commission’s order finds that Navy Capital willfully violated the Investment Advisers Act of 1940 and related rules. Without admitting or denying the findings, Navy agreed to cease and desist from violations of the charged provisions, be censured, and pay the civil penalty mentioned above.

The SEC’s investigation was conducted by Danielle Sallah, Peter Altenbach, and Steven G. Rawlings and was supervised by Ms. Shah, all from the Enforcement Division’s New York Regional Office. The examination team that led to the investigation was conducted by Arthur Schmidt, James Maclean, Rachel Lavery, Gerard Sansobrinio, and David Eidelman.

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Last Reviewed or Updated: Jan. 14, 2025