

GPB Audit Committee Resigns Further Delaying Funds' Audited Financial Release

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Investors in two funds sponsored by GPB Capital, a New York-based alternative asset management firm, were informed last week that the firm will miss another deadline for its audited financial reports following the resignation of the firm's audit committee.

GPB focuses on acquiring private companies in various industries, including the automotive retail and waste management sectors, and raised more than \$1.8 billion in investor equity through various private placement offerings. The firm suspended fundraising and redemptions in August 2018 to focus on accounting and financial reporting on the GPB Automotive Portfolio LP and the GPB Holdings II LP.

After multiple setbacks, the audited financial statements for the two funds were expected at the end of September 2019 but were further delayed until the end of the year due to "new challenges" facing the company.



Last week, investors received letters disclosing that GPB's audit committee resigned on November 27, 2019 and no deadline has been set for audited financials. The company said that it "will provide further information when it becomes available."

The letters, which can be read [here](#) and [here](#), were originally posted by Peiffer Wolf Carr and Kane (Peiffer Wolf) and Meyer Wilson, two law firms involved in [one of multiple class action lawsuits](#) against the company and its executives.

GPB is accused of operating as a Ponzi scheme and being fraught with conflicts of interest. The company is currently under investigation by the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Federal Bureau of Investigation, the New Jersey Bureau of Securities, and the New York City Business Integrity Commission.

In October 2018, Michael Cohn, a former Securities and Exchange Commission examiner, was hired as managing director and chief compliance officer at GPB. Prior to joining the firm, he allegedly told GPB's senior management that he had inside information about the SEC's investigation, which he purportedly disclosed.

Cohn was later charged with obstruction of justice, unauthorized computer access and unauthorized disclosure of confidential information, and faces up to 26 years in prison if convicted.

"We have been discussing with our auditor how the events surrounding the indictment of GPB Capital's former chief compliance officer related to his duties as a prior federal government employee may impact the timing of completing the partnership level audits, said GPB in the investor letters. "In light of his indictment, we have engaged a third party law firm to perform an independent investigation of the allegations related to Michael Cohn's hiring and employment at GPB Capital."

GPB added, "Given this new investigation and other matters, the partnership's auditor has decided to suspend work on outstanding financial statement audits."

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