



# Private Equity Risk Management A Brief Overview

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# Undertake a Systematic Approach to Legal Risk Management

- > Identify Risks of Concern
  - General Concerns
  - Issues of Concern to Your Organization as an Investor
  - Develop Preferred Terms and Hot Issues

# General Concerns

- > Limited Liability for Investors – In what jurisdictions is the Fund operating?
- > Are you receiving the terms promised? Do the documents match the PPM?
- > Understand Your Obligations
  - Capital Calls – When? How much? Can they be pledged to Lenders?
  - Investor Clawback
  - Investor Representations
- > Distributions – How much discretion does the General Partner have?

# General Concerns (Con't.)

- > Valuations – How are they done? Who does them? Is there a right to review?
- > Dispute Resolution
- > Limited Partner Rights
- > Advisory Board – Who appoints? Who removes and replaces?
- > Management – Key Persons, Conflicts, etc.
- > Transparency – Right to Information
- > Indemnification of the Management
- > Escape Provisions – No fault? Cause only?
- > Audits – qualifications for Auditors

# Investor Specific Concerns

- > ERISA
- > Bank Holding Company
- > Private Foundation
- > Exempt Organization
- > Governmental Entity
- > Trustee



# Investment Specific Concerns

- > Private Equity
- > Venture Capital
- > Real Estate
- > Separate Account Versus Fund