

Wealth

Icahn Reaches \$2 Million SEC Settlement in Margin-Loan Probe

- Carl Icahn is fined \$500,000, investment firm \$1.5 million
- Probe began after short-seller report tanked shares in firm



Icahn, IEP Agree to Pay \$2 Million in Civil Penalties to SEC

By [Crystal Tse](#) and [Lydia Beyoud](#)

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Billionaire Carl Icahn and his investment firm have agreed to pay \$2 million to settle a US Securities and Exchange Commission probe that found the famed investor didn't properly disclose how much he was borrowing against his stake in the company.

Icahn was fined \$500,000 and [Icahn Enterprises LP](#) will pay \$1.5 million related to insufficient disclosure of how IEP units were pledged as collateral against his personal margin loans, according to an [SEC statement](#) Monday. The investigation started after a report by short-seller [Hindenburg Research](#) tanked shares in Icahn's investment firm.

The settlement agreement shows that the 88-year-old investor pledged up to 65% of his IEP units from 2018 to 2022. In exchange, he was granted up to \$5.1 billion in personal margin loans by various lenders. IEP units were down about 6% at 12:15 p.m. in New York.

“We are glad to put this matter behind us and will continue to focus on operating the business for the benefit of unit holders,” Icahn said in a statement. After Hindenburg’s report, “the government investigation that followed has resulted in this settlement which makes no claim IEP or I inflated NAV or engaged in a ‘Ponzi-like’ structure.”


Both settlement agreements noted that Icahn and IEP cooperated with the investigation in providing relevant information and documents. Icahn and Icahn Enterprises didn’t admit to or deny the SEC’s findings, but they agreed to cease and desist from future violations, the agency said.

The SEC determined that Icahn didn’t properly amend a securities filing to describe his personal agreements and pledges of IEP securities until July 2023. That month, he also renegotiated loan terms with a group of banks, unlinking the loans from IEP’s share performance.

Both Icahn and IEP had independent disclosure obligations under federal law that would have revealed Icahn’s pledge of more than half of IEP’s outstanding shares, said Osman Nawaz, chief of the SEC Enforcement Division’s Complex Financial Instruments Unit.

“Due to both disclosure failures, existing and prospective investors were deprived of required information,” Nawaz said.

Icahn Enterprises said last year that it had been contacted by both the SEC’s enforcement division and the US Attorney’s Office to provide information on its corporate governance, capitalization, securities offerings, disclosures, dividends, valuation, marketing materials and due diligence.

In an [8-K filing](#)  Monday, IEP said it had no “substantive” communication with the US Attorney’s office since the initial inquiry in 2023.

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Icahn Enterprises’ stock was sent on a downward spiral last May when Hindenburg Research said it was shorting units of the company. Hindenburg said in a lengthy report that IEP was overpriced, and said it had found evidence of inflated valuations for some of its assets.

Hindenburg Research, run by Nate Anderson, published a report in 2023 accusing IEP of inflating its asset value as well as under performance.

“Icahn rightly got charged by the SEC for failing to disclose details of his massive margin loan,” Hindenberg wrote in a social-media post on Monday. “Rather than blame us for his own investment failings, Icahn should put his money where his mouth is.”

Jonathan Streeter, a lawyer for IEP, said in a statement that the firm “is settling an unrelated disclosure violation on issues that were reviewed by outside advisers at the time in question.”

“When IEP made that correction, its unit price barely moved and the market did not react,” he said.

– *With assistance from Rick Green*

(Updates with comments, unit price beginning in third paragraph.)

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