

Dec. 15, 2015 14:00 UTC

Sparer Law Group Investigating Third Avenue Focused Credit Fund

SAN FRANCISCO--([BUSINESS WIRE](#))-- Sparer Law Group is investigating potential securities laws violations regarding the Third Avenue Focused Credit Fund (the "Fund").

The investigation stems from Third Avenue Management's sudden announcement on December 9, 2015 that it was suspending redemptions in the Fund (ticker: TFCVX and TFCIX) and putting the Fund's remaining assets into a liquidating trust. This was a highly unusual step taken without SEC approval. A key feature of open-end funds is that they allow investors to redeem their shares daily. Funds therefore must maintain assets that are sufficiently liquid to meet shareholder redemptions.

It appears that the Fund failed to account for the illiquidity of its holdings. "The fund's management team, led by Tom Lapointe, invested heavily in illiquid bonds. Then, when the fund's performance deteriorated and shareholders asked for their money back, the team found itself unable to sell those bonds without unloading them at fire sale prices," according to Morningstar. "[T]his reflects a profound management failure."

Sparer Law Group is investigating whether the Fund's registration statements and prospectus misled investors about its liquidity and risk. This includes an investigation into whether the Fund accurately disclosed its holdings in illiquid securities and adequately disclosed the liquidity risks associated with its concentrated holdings in smaller bond offerings of securities with a CCC rating or below or no rating at all.

Sparer Law Group is a leading law firm in the field of mutual fund class action securities litigation. It is the lead counsel in a lawsuit against the Oppenheimer California Municipal Bond Fund that raises similar disclosure issues, and that seeks approximately one billion dollars in damages stemming from that fund's losses in 2007 and 2008. Class certification in that action was recently upheld by the Tenth Circuit Court of Appeals.

If you purchased or otherwise acquired shares in the Fund securities and suffered losses and wish to discuss your rights as an investor or have information relating to the marketing or operation of the Fund, please visit our website, <http://www.sparerlaw.com/>, or contact Marc Haber, Esq. at (415) 217-7300.

Contacts

Sparer Law Group
Marc Haber, Esq., 415-217-7300

Source: Sparer Law Group

View this news release online at:
<http://www.businesswire.com/news/home/20151215005585/en>

